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UNIVERSITY OF THE WITWATERSRAND

FACULTY OF COMMERCE, LAW AND MANAGEMENT

SCHOOL OF ACCOUNTANCY

RESEARCH REPORT

Exploring company and stakeholder perceptions of what is of value in an integrated report

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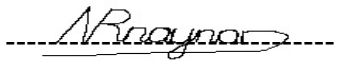
Declaration

I, **Nolin Riley Naynar**, declare that this dissertation is my own work except as indicated in the references and acknowledgements. The dissertation is submitted in partial fulfilment of the requirements for the degree of Master of Commerce in Accountancy at the University of the Witwatersrand, Johannesburg. It has not been previously submitted for any degree or examination at this or any other university.



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List of abbreviations

JSE	Johannesburg Stock Exchange
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
IoD	Institute of Directors
FRC	Financial Reporting Council
IASB	International Accounting Standards Board
CTA	Certificate of Theory in Accounting
NGO	Non-Governmental Organisation
SAICA	South African Institute of Chartered Accountants
BBBEE	Broad Based Black Economic Empowerment
IT	Information Technology
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
SARB	South African Reserve Bank
EFA	Exploratory Factor Analysis
PCA	Principal Component Analysis
T_1	Theoretical Theme (1)
C_1	Factor analysis Component (1)

Abstract

The success of integrated reporting depends on whether or not corporate South Africa communicates with its stakeholders to gauge their perceptions, allowing for their interests and expectations to drive the content of the reports. This study explores the consistencies between the emphasis placed on certain integrated reporting themes by companies within the financial services sector of the Johannesburg Stock Exchange and the perceived importance of these themes by stakeholders. By analysing the differences in emphasis between companies and respondents, this paper will prove that a perception gap has developed because of a lack of understanding by companies about what information users value. In addition, by experimenting with the sophistication characteristic of respondents, this study will demonstrate that sophistication has an effect on the type of disclosures which users value and the method by which they wish it to be conveyed.

Chapter 1: Introduction

1.1 Context and significance of the study

According to the International Integrated Reporting Council (IIRC), one of the guiding principles which underpin the preparation of integrated reports is the formation of effective stakeholder relationships. The IIRC states that,

> 'an integrated report should provide insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests' (IRCSA, 2014, p.13).

This principle is in line with the guidelines of the King-III Report and Code on Corporate Governance in South Africa (King-III) relating to the management of stakeholder perceptions and relationships (King-III, 2013). King-III and the integrated reporting framework have transformed the face of corporate reporting in South Africa, with their application being a mandatory requirement for listing on the Johannesburg Stock Exchange (JSE) since 2009 (JSE, 2016; IoD, 2009; Maroun, Coldwell & Segal, 2014).

Whether or not this principle is being adequately applied within the integrated reports of South African listed companies has, however, been subject to criticism, with some raising concerns about the relevance of certain non-financial information in creating value for stakeholders (Baker, 2011), and the excessive detail or repetitive information within integrated reports (Solomon and Maroun, 2012; Naynar, 2016). These concerns are shared by the Financial Reporting Council (FRC) in the United Kingdom and the International Accounting Standards Board (IASB) which have stated that a 'disclosure-overload problem' has developed as a result of too much peripheral information being

provided in the integrated reports, preventing users from recognising and understanding relevant information (FRC, 2012; IASB, 2013).

The challenges mentioned above are likely to escalate where individual integrated reports include extensive disclosures on a broad variety of integrated reporting themes. Such reports are typical of companies in the financial service sector and will be the focus of this report.

1.2 Purpose of the study

This study explores the consistencies between the emphasis placed by JSE-listed financial services companies on select integrated reporting themes, and the perceived importance of those themes by stakeholders. Following a similar approach to that used by Gold et al. (2012), Gay et al. (1997) and Monroe and Woodliff (1993), this study will consider the views of experts (i.e. Chartered Accountants, accounting academics and practitioners) and accounting students, representing both sophisticated and unsophisticated users of integrated reports (Gold et al, 2012; Gay et al, 1997; Monroe and Woodliff, 1993). The findings of this research will be used to ascertain whether a perception gap exists between corporates and stakeholders in recognising what is deemed to be of value in an integrated report.

1.3 Contribution of the research

This paper will contribute to the ongoing debate on whether or not information provided within integrated reports is considered useful by stakeholders. In particular, the research adds a new dimension to existing theory by considering whether the sophistication of a stakeholders has an effect on their perceptions towards certain integrated reporting themes and the manner in which they desire it to be conveyed to them. The findings of this research will furthermore aid in the future development and

transformation of the reporting framework. This modified framework may assist in the preparation of future integrated reports which provide stakeholders with more concise and relevant information that they value in their decision making process (Solomon and Maroun, 2012; Cheng et al, 2014; Baker, 2011).

1.4 Research question

This study will identify the key disclosure themes in the integrated reports of the top ten financial service providers listed on the JSE. It then determines the consistencies between the emphasis placed by these companies on those themes and the perceived importance of those themes by respondents with varying levels of sophistication. Finally, the sophistication characteristic of the respondents will be controlled to determine whether it alone has an effect on the expectation gap.

1.5 Assumptions

Similar to prior research which studied the effect of sophistication on user perceptions, this study utilises surrogate respondents to represent groups with varying levels of sophistication within the broader stakeholder population (Gold et al, 2012; Gay et al, 1997; Monroe and Woodliff, 1993; Manson and Zaman, 2001; Bailey et al, 1983; Humphrey et al, 1993). The following assumptions apply to this study:

1.5.1 Assumptions related to the ‘sophisticated’ respondents

Chartered accountants, accounting practitioners and academics are part of the ‘sophisticated’ respondents. These respondents are representative of stakeholders with a high level of education and experience in the preparation and interpretation of financial reports (Gold et al, 2012; Bailey et al, 1983; Humphrey et al, 1993; Manson and Zaman, 2001).

1.5.2 Assumptions related to the ‘unsophisticated’ respondents

Trainee accountants, as well as accountancy students are the ‘unsophisticated’ respondents. These respondents have limited or no experience in the business environment (Gold et al, 2012; Bailey et al, 1983; Humphrey et al, 1993; Manson and Zaman, 2001).

1.6 Limitations and delimitations of the study

- The use of surrogate respondents with different levels of sophistication means that the findings of this paper are intended to be preliminary. This paper aims to determine whether a perception gap may exist between company integrated reports and the stakeholders who use those reports, and it acts as a foundation for further research.
- The population of respondents are considered to act as surrogates for stakeholders with varying levels of sophistication. Any findings derived from the results of this research apply to these groups as stakeholders.
- The research is limited by the fact that not all respondents are actively engaged in the interpretation and use of integrated reports.
- Respondents answer the survey based on their individual experience and knowledge about integrated reporting relating to the financial services industry. The experiment and interpretation of results relate solely to JSE-listed companies in the financial services industry. All findings and conclusions only apply to listed financial service companies in South Africa.
- The research is limited by the fact that two-thirds of the respondents are unsophisticated, this group could drive the results of the factor analysis. Different factor structures may have emerged if the groups were analysed separately and this is highlighted as an area for future research.

Chapter 2: Background and literature review

Companies listed on the Johannesburg Stock Exchange (JSE) encounter a natural separation of ownership because of management owning only a small proportion of the company under their stewardship. In terms of the agency theory, this means that management (agents) engage with stakeholders (principals) to manage the affairs of the company on behalf of the stakeholders (Jensen and Meckling, 1976; Bebchuk and Fried, 2004).

However, the problematic nature of an agency relationship is that, assuming both parties are utility maximisers, management (agents) may pursue their personal interests at the expense of the stakeholders (principals) of the company (Jensen and Meckling, 1976). According to Bebchuk and Fried (2004), this divergence in interest is triggered by information asymmetry between the two parties. This information asymmetry results in a lack of observable information for the principal, which means that they will not be able to monitor and ensure that the agent is acting in their best interest (Bebchuk and Fried, 2004; Ravenscroft and Williams, 2009).

In order to limit any divergences between the principal and the agent, it becomes necessary for corporate reporting to provide stakeholders with the information they require to assess management's accountability, as well as their stewardship over the resources of the company (Ravenscroft and Williams, 2009; IIRC, 2013). Integrated reporting is an essential means of addressing this incongruence as it embeds management's accountability to stakeholders in the operational performance of companies (Solomon and Maroun, 2012; Atkins et al, 2015; Raemaekers et al, 2015).

In order to pioneer the widespread adoption of stakeholder-orientated corporate reporting, the JSE mandated the compliance with (or to explain non-compliance)

integrated reporting amongst all listed companies via the application of King-III (JSE, 2016;IoD, 2009). This move was lauded as it strengthened the usefulness of integrated reports from JSE-listed companies, as well as iterating the fact that the impact of a company on the environment and society is interrelated with its financial performance (King-III, 2013; Atkins et al, 2015).

The effectiveness of integrated reporting in signalling the performance and accountability of management does, however, rely on the integrated report being compiled using information that is valuable to stakeholders. Where there is disregard for disclosures that stakeholders value, or an emphasis on non-value adding information, a perception gap may exist. A perception gap of what is of value in the integrated report can develop due to management not understanding which information users consider relevant to make their decisions about the company (Solomon and Maroun, 2012; Cheng et al, 2014; Naynar, 2016).

2.1 The challenge of creating shared value for stakeholders

The IIRC states that the objective of integrated reporting must be to provide 'high quality, comprehensive and succinct information to stakeholders' (IIRC, 2013). In order to achieve this, the framework advises that the preparation and presentation of integrated reports be underpinned by the 'seven guiding principles' (IIRC, 2014).

While integrated reporting has assisted in preserving accountability and has improved communication about value creation, many companies still encounter difficulties applying these principals and signalling their performance to stakeholders (Baker, 2011; Naynar, 2016).

Signalling theory states that an agent acting on behalf of the principal can present information about itself to the principal in order to address the information asymmetry

problem (Spence, 1973; Connelly et al, 2011). As the conduct of management is often unobservable by stakeholders, it becomes necessary for management to signal their performance to the stakeholders by means such as integrated reporting (Hartmann, 2011). Prior research findings have, however, concluded that the inability of management to signal their conduct to stakeholders effectively is exacerbated by the fact that integrated reporting is not prescriptive, nor sufficiently detailed in its application (Solomon and Maroun, 2012; Naynar, 2016; Baker, 2011; Cheng et al, 2014).

A recent study conducted by Black Sun Plc, in partnership with the IIRC, revealed that creating shared value between the organisation and its stakeholders was a challenge for 97% of companies which issued an integrated report (BlackSun, 2014). The findings indicate that, of the seven guiding principles, companies consider the principles of stakeholder responsiveness and materiality to be obscure. The research went further to highlight that, as companies issued subsequent annual integrated reports and engaged further with stakeholders, they learned to align their reports to material issues that were more relevant to the company's business model (BlackSun, 2014). As an example, the study refers to a South American financial services company with significant investments in financial education. Through engagement, the company understood that such investment created shared value for stakeholders and should be reported, since it affected the quality of its loan portfolio, leading to reduced losses and improved client retention. In contrast to this, some companies found that content they had previously reported did not relate directly to value creation for stakeholders and this was subsequently omitted from future integrated reports (BlackSun, 2014).

Other research offers additional reasons which contribute to stakeholders finding it cumbersome to extract their desired value from integrated reports. This includes the fact that information is presented in an excessive and repetitive manner, making it difficult to establish a causal link between risk, business strategy, financial performance and non-financial measures and that there exist issues with the format in which information is presented to stakeholders (Solomon and Maroun, 2012; Carels et al, 2014; Arnold et al, 2012).

The research findings mentioned indicate that companies use their own judgement in applying the guiding principles and that little is known about the extent to which users of an integrated report consider certain information relevant (Cheng et al, 2014; Naynar, 2016). Integrated reporting is a learning curve for listed companies and ongoing engagement over an extended period is required to create shared value for both the company and its stakeholders (IIRC, 2013). Until this is achieved (and the application of the guiding principles is better understood), integrated reporting will remain a challenge to both companies and their stakeholders. Stakeholders will not be able to assess effectively the performance measures that they consider important since the integrated report is prepared based on the company's perception of what creates value while also being presented in a manner that makes interpretation difficult. Simultaneously, those charged with governance are faced with a dilemma since they are obliged to report extensively on all corporate responsibility initiatives in order to remain in compliance with King-III and integrated reporting while also ensuring that they do not subordinate the interests of groups which may feel passionate about certain initiatives (Baker, 2011; Cheng et al, 2014; Naynar, 2016).

These issues point to a 'perception gap' in what is of value between the companies which compose the integrated reports and the stakeholders who use the reports to

satisfy their information needs (Naynar, 2016; Murphy et al, 2013; Bailey et al, 1983; Manson and Zaman, 2001).

A perception gap does, however, not only develop due to a divergence in perception of what is of value in an integrated report. The varying natures of users themselves and, in particular, their levels of sophistication, may also have an effect on the perception gap (Gold et al, 2012; Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001; Monroe and Woodliff, 1993; Gay et al, 1997).

2.2 The effect of sophistication on the perception gap

Within its framework, the IIRC defines stakeholders as:

> *'those groups or individuals that can reasonably be expected to be significantly affected by an organisation's business activities, outputs or outcomes, or whose actions can reasonably be expected to affect the ability of the organisation to create value over time'.*

The IIRC goes further by giving examples of stakeholders such as providers of financial capital, employees, customers, suppliers, business partners, local communities, NGO's, environmental groups, legislators, regulators and policy makers (IIRC, 2014).

The definition of what constitutes a 'stakeholder' is broad and interpretative, and the stakeholders are likely to have varying levels of knowledge, education and experience amongst them (Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001).

Prior research on reporting has shown that sophistication (i.e. experience and knowledge levels) of the potential users has an effect on the extent of the perception gap (Gold et al, 2012; Bailey et al, 1983; Humphrey et al, 1993; Manson and Zaman,

2001). A study on the auditor's expectation gap conducted by Monroe and Woodliff (1993) studied the influence of education on the expectation gap. After surveying auditors and undergraduate students with varying levels of auditing education, the researchers noted that there were fewer differences between the auditors and educated students in comparison with the uneducated students, suggesting an education effect on the expectation gap (Monroe and Woodliff, 1993). A similar study by Gay et al. (1997) reported that users with considerable business experience had perceptions which were closer to those of practising auditors when compared to less experienced users. Further studies on financial reporting by Bailey et al. (1983) and Humphrey et al. (1993) indicate that the size of the expectation gap varies according to the experience and knowledge of the potential users of those reports.

Since prior literature finds that both experience and education has an effect on the expectation gap, this study will experiment with the different levels of experience and education between respondents. By surveying the perceptions of respondents with varying levels of experience and education, the responses will approximate the perceptions of different stakeholders with varying levels of sophistication (Naynar, 2016; Gold et al, 2012; Gay et al, 1997; Monroe and Woodliff, 1993; Bailey et al, 1983; Manson and Zaman, 2001; Murphy et al, 2013).

The respondent group selected for the study comprised 189 Johannesburg-based Chartered Accountants, accounting academics, accounting practitioners, trainee accountants, postgraduate and undergraduate accounting students[1]. The 64 chartered accountants, accounting academics and accounting practitioners who participated are, for the purposes of this study, considered as the 'sophisticated'

[1] The research is limited by the fact that not all stakeholders were engaged.

respondents. These respondents are representative of stakeholders with a high level of financial literacy and who have investment experience either in their personal capacity or via their employment (SAICA, 2015; Murphy et al, 2013; Bailey et al, 1983; Manson and Zaman, 2001).

The 125 trainee accountants and accounting students will be considered the 'unsophisticated' respondents and for the purposes of this study, will represent unsophisticated stakeholders (Gold et al, 2012; Gay et al, 1997; Monroe and Woodliff, 1993).

2.3 Relevance to the financial services industry

Since the 1990's, growing competition within the South African financial services sector has meant that companies consider relationship banking to be a priority. This move towards consumer-orientation has been boosted by many resources amongst companies in the sector with 10 companies in the JSE top 40 (JSE, 2016). Additionally, the extensive operations and marked geographic footprint of financial services companies means that they have diverse stakeholder groups and high levels of public accountability. These factors have led to companies in this sector placing a focus on delivering comprehensive integrated reports to their users. These companies are further incentivised to produce high quality integrated reports since a high regard for sustainable reporting enhances the entity's corporate image and influence revenue (Ackermann and Van Ravesteyn, 2005).

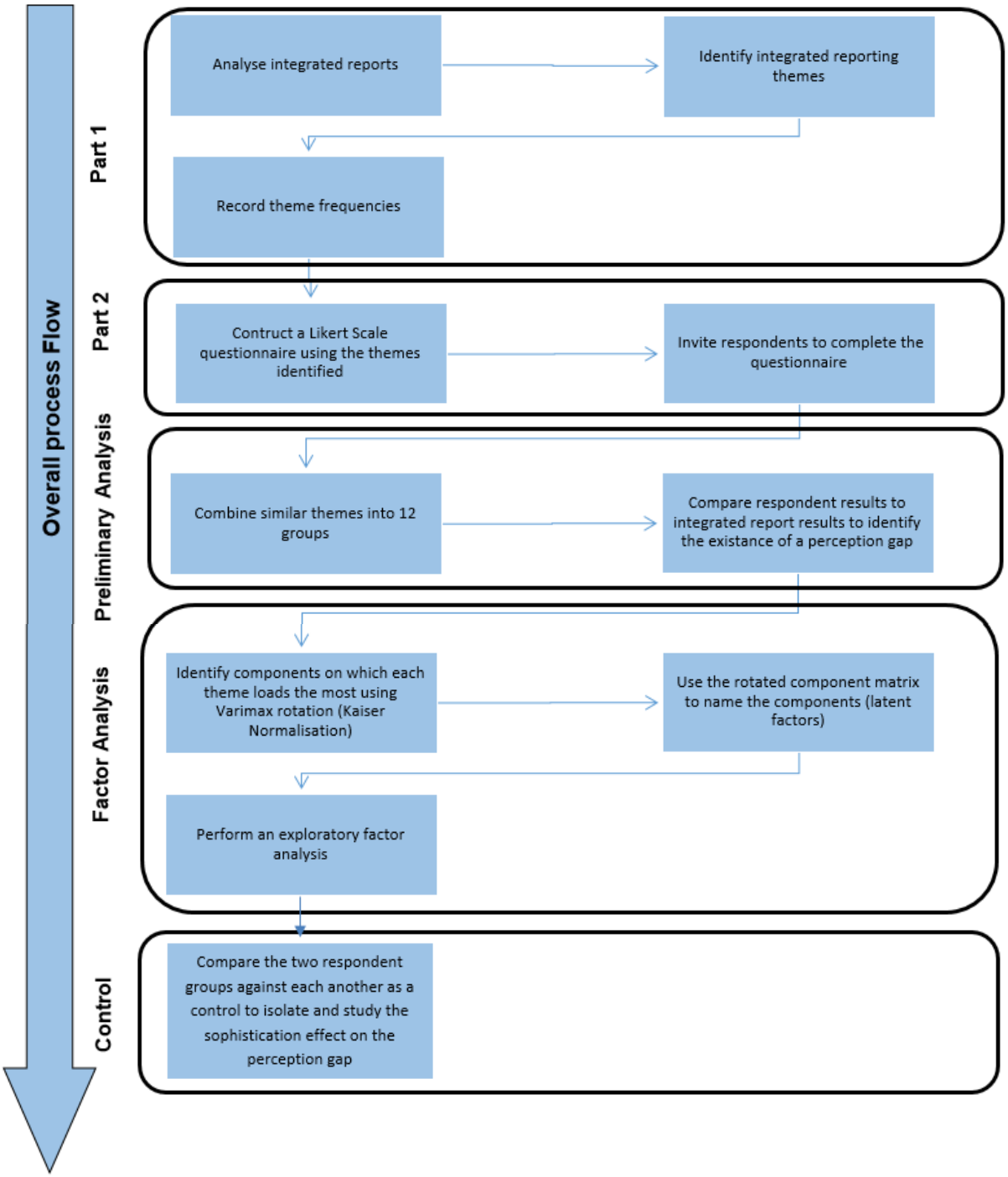
Integrated reports of companies within the banking and financial services sector of the JSE were selected for the study since they are likely to include extensive disclosures on a broad variety of integrated reporting themes. The use of integrated reports of companies within this sector ensures that this study presents a robust array of themes

on which to analyse and compare company and stakeholder perceptions (Ackermann and Van Ravesteyn, 2005; Raemaekers and Maroun, 2014).

Chapter 3: Methodology

The research method was performed over phases, namely a data collection phase, a preliminary and factor analysis phase, and a final control test. The methodology flow is illustrated in Figure 1 shown below:

Figure 1- Overall process flow of the methodology used in this research paper



Part 1 (a) involved the researcher analysing the integrated reports in order to identify individual reporting themes. Simultaneously, the reporting frequency of each theme was recorded by the researcher Part 1 (b). Part 2 then involved the use of these themes to construct a Likert Scale questionnaire for each respondent group to complete, allowing the researcher to gauge the perceived importance of each theme by the respondents. The data is thereafter analysed in three parts, the preliminary theoretical analysis, the factor analysis and a control test between the two respondent groups.

3.1 Part 1: Analysing of the integrated reports

The recent move towards consumer orientation, coupled with substantial financial resources, diverse stakeholders and increasing public accountability has led to companies within the financial services industry producing extensive integrated reports (Ackermann and Van Ravesteyn, 2005). The detail and wide range of themes included within reports in this sector are, therefore, well suited to the exploratory nature of this paper since the purpose of this study is to explore the existence of a perception gap across different integrated reporting themes (Solomon and Maroun, 2012).

The top ten companies by market capitalisation listed within the banking and financial services sector[2] of the JSE were selected for the purpose of the study. Together, these ten companies represented 82.45% of the market capitalisation of the sector at 17 April 2015[3]. The concentration of the market capitalisation within the industry is suited to this study as the integrated reports studied are likely to contain most of the reporting

[2] The banking and financial services sector of the JSE includes banks, insurers and fund management companies.
[3] A full list of the ten companies by market capitalisation is included in Appendix A.

themes typical to this sector. The 10 companies studied are referenced in table 1 below:

Table 1: List of 10 JSE listed financial services companies selected for the study

Company Name	JSE reference for Table 3
Firstrand Ltd	FSR
Standard Bank Group Ltd	SBK
Old Mutual plc	OML
Sanlam Limited	SLM
Barclays Africa Group Ltd	BGA
Nedbank Group Ltd	NED
RMB Holdings Ltd	RMH
Discovery Ltd	DSY
Investec plc	INP
Capitec Bank Holdings Ltd	CPI

Information was collected by the researcher from the 2013/2014 annual integrated reports during the final quarter of 2015 in order to examine the extent of the perception gap between these companies and the respondents. As a consequence of having a primary listing on the JSE main board, all companies are required to comply[4] with King III and the Integrated Reporting Framework in order to meet JSE listing requirements (JSE, 2016; IoD, 2009).

Adopting the approach used by Solomon & Maroun (2012), the ten integrated reports were analysed by counting the number of individual non-financial reporting themes disclosed through a process or reading and re-reading all the reports [Part 1(a)]. This

[4] King III is imposed on an 'apply or explain' basis. Companies are advised to comply with the principles and recommendations of King III. In the event that a company fails to comply with a recommendation, they should explain why.

process was followed in order to measure the degree to which certain integrated reporting themes were emphasised. A tally was kept to record the number of times that the specific theme was reported [Part 1(b)]. Where a theme was included in an annual report, a value of '1' was assigned. A nil score was provided when a theme was not found in a report. The criteria for which a theme was considered to be specifically reported upon and earned a value of '1' on its tally was as follows:

- A section or sub-section in the integrated report dedicated to that theme.
- A mention of that theme within text that has been specifically highlighted, typed in bold or quoted to the reader.
- Where a theme has been placed on a page of the report with some degree of prominence. This can occur through the use of an illustration, a diagram, header, footer, within shapes or within graphics[5].

The eventual frequency list of integrated reporting themes varied amongst the companies, illustrating the differences in emphasis.

A Microsoft Excel spreadsheet was used to aggregate the final results for each of the companies studied across the identified disclosure themes. Similar themes, such as closely linked Broad Based Black Economic Empowerment (BBBEE) initiatives, were grouped together, resulting in a final set of 60 themes across the ten financial service companies. The themes identified and frequencies recorded during Part 1(a) and Part 1(b) of the data collection process are detailed under Appendix B:

[5] This approach is adapted from Raemaekers et al (2015) to ensure validity but means that the research was unable to gauge the quality of disclosures found in the integrated reports under review. This is an inherent limitation of the study.

3.2 Part 2: Construction of a questionnaire to gauge respondent perceptions

Using the 60 themes shown in Appendix B, an independently hosted, multiple choice online questionnaire was constructed for the respondents to complete. The questionnaire uses the QuestionPro online survey software tool and was overseen by a dedicated IT resource administrator. The online questionnaire was accessible via an online link which was distributed to the relevant participants via e-mail and posts on a local network platform. Participants could complete the questionnaire (with no time limit) using various devices including PC's, tablets and smartphones. The questionnaire was uploaded and distributed on 13 June 2016, with the response period terminating on the 5 December 2016.

The online questionnaire was divided into three parts: Part 1 was made up of questions acknowledging the respondent's consent to participate in the study. In Part 2 each respondents were asked which group most appropriately describes them. This part was necessary in order to determine the sophistication level of the respondents. The respondents could categorise themselves as:

- Accounting student
- Student of a business-related course without accounting as a subject
- Audit trainee
- Accounting academic
- Accounting practitioner practicing in an advisory or consulting role
- Chartered Accountant

Respondents could choose to describe themselves using more than one relevant category.

Part 3 of the questionnaire involved gauging the perceptions of each respondent towards the integrated reporting themes. The researcher opted to include all 60 themes in the online questionnaire in order to collect results with a higher degree of quality for statistical interpretation. The respondents were notified that the themes appeared within the integrated reports of companies in the financial services sector of the JSE. Similar to a study performed by Van Beest et al. (2009), the respondents were then advised to rank each theme according to how important they believed it was for that theme to appear within the integrated report using the scale of 1-5; with '1' being irrelevant, through to '5' being critical to their information needs.

The QuestionaPro online survey software allowed the responses to be monitored in real-time. Most importantly, the tool allowed the researcher to view the response rates and number of completed responses for each of the respondent groups (unsophisticated and sophisticated) in order to ensure that an acceptable number of responses were received for each respondent group.

Once the required number of responses were received, the results were extracted to a Microsoft Excel spreadsheet. At this stage the researcher had two spreadsheets, the theme count from the integrated reports and the respondents' perceptions of the importance of these themes.

3.2.1 Questionnaire design: Validity and reliability of data

A pertinent issue that exists with regards to gauging the perceptions of respondents towards integrated reporting themes is the presence of the social desirability bias. This bias exists because supporting greater stakeholder orientated reporting and accountability is considered to be the socially acceptable choice (Randall and Fernandes, 1991). The objective of this study is to gauge how important respondents

perceive given integrated reporting themes to be, and not whether they should or should not be implemented by the company and disclosed in the integrated report. The researcher cannot, however, prevent the perceived need for respondents to provide a socially acceptable answer, in which case the reliability of the survey results is disputable (Randall and Fernandes, 1991). It became necessary for the researcher to implement bias reduction methods to minimise the risk of respondents answering the survey according to social perceptions (Randall and Fernandes, 1991).

King & Bruner (2000) provided insights into how researchers can use bias reduction methods in both instrument construction and administration (King and Bruner, 2000). Based on this literature, the following bias reduction measures were used in the study to reduce the social desirability bias:

- The questionnaire was conducted online. This eliminated the element of human interaction, reducing the participants' perception that they must produce a socially desirable answer.
- The respondents were reassured at the beginning of the questionnaire that they would remain completely anonymous, that they had a right to terminate their responses before submission, and that they would not be asked for personal details. This allowed the participants to respond with a higher degree of neutrality as the observer could not be judgmental.
- The questionnaire was worded in a neutral manner.
- The questionnaire was drafted in the third person format to remove the perception of the social judgement of a single person. This allowed for a disconnection between the respondent and the researcher and so the

respondent could provide answers based on what he/she thought was most logical, without fear of being judged.

- If themes within the same theoretical groups were given consecutively within the questionnaire, there is the possibility that respondents could have built up intuitive bias, so themes within the questionnaire were given to the respondents at random (King and Bruner, 2000).

3.2.2 Sampling method

The researcher employed a combination of stratified and judgemental sampling as part of the sampling method. Stratified sampling is a commonly used probability method that is superior to random sampling because it reduces sampling error. The term ‘stratum’ refers to a subset of the population that share at least one common characteristic. The stratums studied by the researcher included chartered accountants, accounting practitioners and academics, as well as trainee accountants and accountancy students. Elements of judgemental sampling were also used since the researcher used the stratums to approximate the perceptions of sophisticated and unsophisticated integrated report users (StatPac, 2017).

3.2.3 Planned sample size

Due to its nature, the research uses a quantitative methodology. Factor analysis is employed as it is effective in studying interrelationships between themes and is well suited to smaller sample sizes where the intention is to classify and describe data, rather than extrapolate the findings in a more positivist sense (Dimi et al, 2014). In order for the data to be factorable, there needs to exist an adequate sample size.

There is a variety of research which provides guidance on the issue of establishing a minimum desirable level of sample size (MacCallum, Widaman, Zhang & Hong, 1999).

These studies use empirical data to investigate the minimum sample size or STV ratio that is required in order to recover an adequate population factor structure.

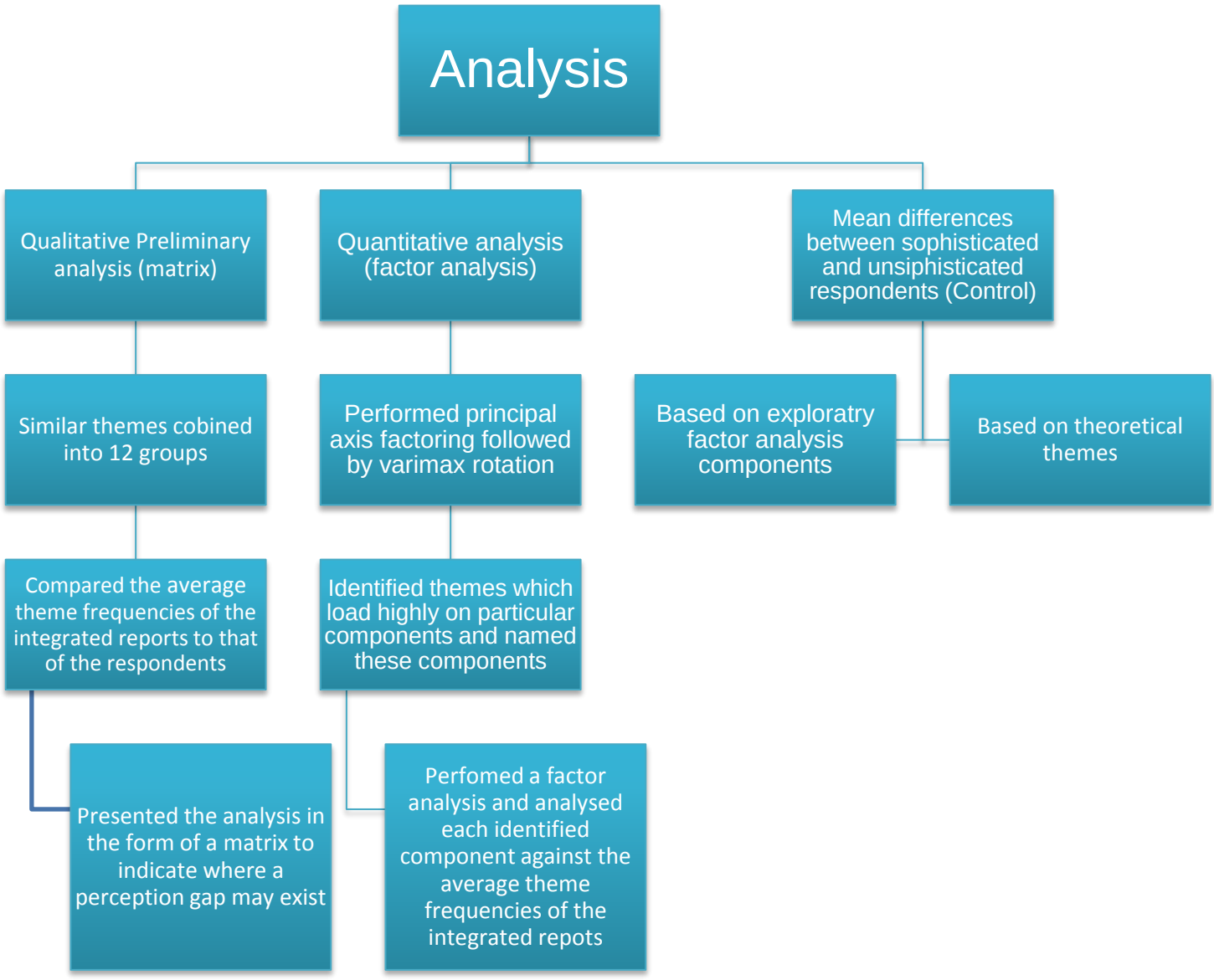
Barrett and Kline (1981) used two large empirical data sets to investigate the minimum sample size required to run a factor analysis. They drew sub-samples of various sizes from full samples and performed factor analysis on each sub-sample to compare the results of sub-samples with the result of full samples. It was found that a sub-sample of 48 yielded an STV ratio of 3.0, while another sub-sample of 112 yielded an STV ratio of 3.0. Arrindell & van der Ende (1985) performed further analysis using the results of Barrett and Kline's paper and reported 50 samples "to be the minimum to yield a clear, recognizable factor pattern" (p. 167). MacCallum, Widaman & Zhang & Hong (1999) performed a similar study and obtained an excellent recovery of population factor structure with a sample size of 60 with 20 variables.

Based on the findings of prior research involving relationships between variables and judgement from the researcher, the minimum factorable sample size for this study was determined to be 60. Since the factor analysis would be run on a sophisticated and unsophisticated respondent group, each group would need a minimum sample of 60. The decision to stop the data collection in terms of number of responses was therefore set at the point at which both groups studied each had at least 60[6] factorable responses (Dimi et al, 2014). Furthermore, at the analysis phase of the study but before the factor analysis was performed, statistical methods were used to validate the factorability of the sample.

[6] Although the minimum sample per group was set at 60, the rate at which responses were received was higher for the unsophisticated respondents. Therefore at close of the response period, the majority of the responses were from unsophisticated respondents. See 1.6.

3.3 Analysis method

Figure 2: Analysis process flow



3.4 Preliminary qualitative analysis

For the purposes of the preliminary analysis, the 60 themes[7] were grouped into 12 themes, each representing a distinct area of focus within the integrated reports. The themes were combined into groups interpretively by considering the discussion point of that item and whether that item could integrate separately within the spread of social, ethical, environmental and economic information contained in the integrated report. These 12 themes are described in Table 2:

Table 2: List of identified reporting themes

Theme reference (from table 2)	**Reporting theme description**
T_1	Management of the company's affairs including internal controls, internal audit, governance of IT, internal cost savings and operational efficiencies and maintaining a competitive position within the market.
T_2	Customer satisfaction, including assisting distressed customers, customer reward programs, improving the simplicity and accessibility of financial services and promoting the use of electronic banking.
T_3	Marketing and promoting the company's values and services, accolades awarded to the company and reputation management.
T_4	Structuring and simplifying the content of the annual report in accordance with integrated reporting principles, incorporating the use of a balanced scorecard approach and sustainability reporting.

[7] A breakdown of the responses collected for each of the 60 themes is available from the researcher.

T_5	Communicating and engaging with stakeholders to build trust and confidence within the sector. Managing relationships with regulators, downstream service providers and customers.
T_6	Compliance and response to regulation, management of credit ratings and other legal matters such as white collar crime and fines.
T_7	The findings of the external auditors, economic effects relating to primary stakeholders and the companies' relationship with the South African macroeconomic environment.
T_8	Transformation and Broad Based Black Economic Empowerment
T_9	Corporate governance disclosure, including its structure, committees, ethics, effectiveness, participants and remuneration packages.
T_{10}	Social, cultural and environmental initiatives, management of human capital, targeted growth and responsible investments.
T_{11}	Strategy and risk management.
T_{12}	Responsible financial practices and financial crisis recovery plans.

3.5 Quantitative factor analysis

The preliminary analysis is effective for highlighting where expectation gaps may exist between each of the respondent groups and the companies (Gold et al, 2012; Gay et al, 1997; Monroe and Woodliff, 1993; Naynar, 2016). However, the main disadvantage of the approach used in the preliminary analysis is that the integrated reporting themes are aggregated into theme groups interpretively which may lead to bias on behalf of the researcher (Klein and Myers, 1999). To address this possible bias, the results are analysed using factor analysis. .

This type of analysis is employed as it is effective in studying interrelationships between themes (Dimi et al, 2014). By analysing the correlation among each of the integrated reporting theme variables, this method reduces multiple variables into a lesser number of underlying (latent) factors which are measured by the variables (Öcal et al, 2007). Factor analysis is also well suited to smaller sample sizes where the intention is to classify and describe data, rather than extrapolate the findings in a more positivist sense (Dimi et al, 2014).

The use of factor analysis in this study allowed for consistencies between companies' and respondents' perceptions, which were unobserved during the preliminary analysis, to be exposed and interpreted by the researcher. The findings of this analysis will help to further consider the presence of a perception gap.

3.5.1 Factor analysis process

The online questionnaire which the respondents were asked to complete did not collect any biographical info other than was needed to classify the respondents into the two sophistication groups. This has the effect of limiting group difference testing. Running an exploratory factor analysis on each group is not practical since analysing each respondent group separately would not yield a large enough subsample to produce useable factor analysis results. Factor analysis was run on the respondent group as a whole and used to explore the consistencies between respondent and company perceptions (Dimi et al., 2014).

For the purposes of this research, an initial correlation matrix consisting of the integrated reporting variables identified is generated (Öcal et al, 2007). A Kaiser-Mayer-Olkin (KMO) test is then applied to the studied variables to validate whether the variables are factorable. If the KMO test finds that the degree of correlation between

certain variables is weak, then it is unlikely that those variables have a common factor between them and those variables are excluded from the study (Dimi et al, 2014). To balance the exploratory factor potential with ease of interpretation, a KMO value greater than the recommended minimum of 0.6 are used to define each factor (Kaiser and Rice, 1974). Occasionally certain variables may load about the same on more than one factor, making interpretation ambiguous. To address this, factor rotation is used to clarify relationships between variables and factors (Öcal et al, 2007). Factor rotation is performed using the Varimax Method with the objective of minimising the number of variables with high loadings on a factor and generating an interpretable solution (Dimi et al, 2014). Principal Axis factoring is then used to generate the final correlation table. As recommended by Ford et al. (1986), only factors with eigenvalues greater than 1.0 are retained, allowing for retention of the majority of the data's exploratory potential (Ford et al, 1986; Dimi et al, 2014). The results are finally derived by analysing the factor load of each variable and naming them based on the factor loads contributing to the factor (Öcal et al, 2007).

Chapter 4: Results

4.1 Results of the integrated report analysis

Part 1 (b) of the data collection process involved the researcher recording the number of times the specific theme was reported within each of the integrated reports. This was done to gauge (in a positivist sense) the emphasis placed on each theme by the companies. Theme frequencies recorded are detailed in the table 3 below:

Table 3: Breakdown of reporting frequencies per theme from the integrated reports of the 10 financial services companies (Part 1(b) of the data collection process)

Theme	FSR	SBK	OML	SLM	BGA	NED	RMH	DSY	INP	CPI	Total
T1	0	0	5	1	0	3	6	4	5	2	26
T2	5	7	11	11	1	2	2	6	6	3	54
T3	5	0	5	3	6	4	6	8	9	2	48
T4	0	0	1	0	0	5	5	6	0	0	17
T5	0	1	1	1	0	0	0	0	0	1	4
T6	2	2	4	2	0	1	0	6	0	4	21
T7	2	0	0	2	0	0	0	8	0	0	12
T8	2	4	8	8	1	7	6	22	3	8	69
T9	0	7	6	10	0	1	3	1	2	7	37
T10	1	0	2	1	0	0	3	0	0	1	8
T11	2	1	6	3	0	0	1	2	8	2	25
T12	0	0	1	1	0	1	0	4	2	0	9
T13	0	3	0	2	0	1	0	1	2	1	10
T14	0	2	4	3	0	4	6	2	6	1	28
T15	1	4	0	0	0	1	0	0	0	0	6
T16	2	2	2	4	4	7	0	2	1	2	26
T17	2	2	1	9	0	2	1	0	2	0	19
T18	0	0	1	1	0	0	0	1	0	0	3
T19	0	0	0	0	0	1	0	0	1	3	5
T20	0	0	1	0	0	0	1	0	1	0	3
T21	1	2	1	8	2	3	2	3	0	3	25

Theme	FSR	SBK	OML	SLM	BGA	NED	RMH	DSY	INP	CPI	Total
T22	1	2	1	1	0	0	2	16	0	1	24
T23	1	3	5	5	2	7	12	4	3	2	44
T24	0	0	0	0	0	0	0	10	0	0	10
T25	0	0	6	2	2	1	1	1	2	0	15
T26	10	7	6	15	8	10	5	9	11	5	86
T27	2	1	1	1	1	1	1	0	3	2	13
T28	0	1	1	0	0	0	0	0	0	0	2
T29	0	7	9	6	0	4	3	5	5	4	43
T30	4	4	2	5	2	2	1	5	2	2	29
T31	2	1	3	9	5	7	4	4	3	5	43
T32	1	1	1	6	2	5	1	2	6	3	28
T33	2	1	1	3	4	3	3	3	3	3	26
T34	4	5	11	9	0	4	6	0	4	3	46
T35	2	1	3	6	0	1	2	0	0	3	18
T36	7	11	5	10	16	16	11	14	18	12	120
T37	4	15	8	12	5	9	8	4	18	4	87
T38	2	4	6	7	4	8	8	2	11	3	55
T39	11	4	9	7	9	5	5	7	13	3	73
T40	4	6	7	6	4	10	6	5	9	3	60
T41	10	12	10	7	8	12	11	5	16	2	93
T42	13	36	26	25	3	22	39	16	49	7	236
T43	12	6	9	16	21	15	16	17	24	9	145
T44	5	4	25	24	1	10	5	2	22	9	107
T45	10	6	8	10	0	2	2	7	15	8	68
T46	4	8	12	26	2	8	21	5	1	0	87
T47	2	2	1	4	0	3	12	3	1	3	31
T48	3	12	15	28	4	11	11	9	25	12	130
T49	0	0	11	0	0	0	0	2	2	1	16
T50	1	0	1	2	0	0	3	2	1	0	10
T51	1	1	3	2	0	2	1	0	0	1	11
T52	5	11	16	9	2	10	6	20	15	8	102

Theme	FSR	SBK	OML	SLM	BGA	NED	RMH	DSY	INP	CPI	Total
T53	0	1	2	5	1	0	0	1	2	2	14
T54	0	5	7	9	0	3	0	1	5	0	30
T55	0	1	1	1	0	2	4	0	0	0	9
T56	0	1	12	6	1	10	19	11	7	4	71
T57	34	37	32	24	15	70	28	34	52	34	360
T58	19	5	22	27	3	22	30	37	25	4	194
T59	0	0	1	0	0	0	0	0	0	1	2
T60	2	4	7	5	0	1	14	0	1	5	39

Table 3 uses the quantitative level of disclosures within the integrated reports to show the overall emphasis placed on each of the reporting themes across the of the 10 financial services companies. Themes with higher frequencies are perceived to be of more importance to the companies studied.

4.2 Results of the online questionnaire

The below figures show the biographic makeup of the respondents based on their selections in the online questionnaire.

Figure 3: Respondent statistics

		Frequency	Percent
Valid	Sophisticated respondents	64	33.9
	Unsophisticated respondents	125	66.1
	Total	189	100.0

Almost two thirds[8] (66.1%, n=125) of the respondents can be classified as being unsophisticated in terms of their education and experience.

[8] The research is limited by the fact that two-thirds of the respondents are unsophisticated. See 1.6.

Figure 4: Education and experience statistics

		Responses	
		N	**Percent**
Education	Accounting student	85	32.8%
	Student of a business-related course without accounting as a subject	46	17.8%
	Audit trainee	11	4.2%
	Accounting academic	31	12.0%
	Accounting practitioner	31	12.0%
	Chartered Accountant	55	21.2%
Total		259	100.0%

Note: N exceeds the number of respondents (189) since respondents could fall part of more than one category.

4.3 Questionnaire theme results

After answering the biographic information, the respondents were asked to rate each theme based on how important they thought it was for that theme to be included in the integrated report. The results for this section of the questionnaire are shown under Appendix C.

4.4 Results of the preliminary analysis

Table 4 and 5 show that a perceived level of importance, determined as high, medium or low, was placed on each of the 12 reporting themes, based on the data collected from the integrated reports by the researcher (Part 1) and according to the questionnaire responses from each of the respondent groups (Part 2).

The analysis is intended to offer a preliminary indication of whether a perception gap may exist between the information emphasised by companies and the information considered important by the sophisticated and unsophisticated respondent groups respectively. A perceived level of importance, determined as high, medium or low, was therefore allocated interpretively which is in line with the exploratory nature of this type

of analysis. To allocate the level of importance the two data sets were each processed using Microsoft Excel to determine the actual percentile of each data point, with the highest figure being 1.0 and the lowest figure being 0. Using a formula, all percentiles below 1/3 were classified as ‘low’, all percentiles between 1/3 and 2/3 classified as ‘medium’ and all percentiles exceeding 2/3 classified as ‘high’. To aid interpretation, a data scale visualisation tool was used to further classify the percentiles by colour, with higher percentiles tending to red and lower percentiles tending to green.

This information is illustrated in Figure 5 and 6 adapted from Drury (2012), which highlights where perception gaps exist for the unsophisticated and sophisticated groups of respondents.

The results of the preliminary analysis for each respondent group is shown on the following page:

Table 4: Perceived level of importance of each theme (unsophisticated respondent group)

Theme reference (see Table 1 for description)	Average times reported(ref) per integrated report	Perceived importance	Average respondent score out of 5	Perceived importance
T_1	14.5	medium	3.5	low
T_2	15.1	medium	3.330666667	low
T_3	7.2	low	2.838	low
T_4	5.4	low	3.63	medium
T_5	12.6	medium	3.641142857	medium
T_6	17.3	medium	4.08	high
T_7	9.7	low	4.226666667	high
T_8	6.4	low	3.736	medium
T_9	86.9	high	3.801	medium
T_{10}	61.5	high	3.424666667	low
T_{11}	62.5	high	4.253333333	high
T_{12}	4.1	low	4.096	high

Figure 5: Identification of perception gaps amongst themes (unsophisticated respondent group)

		Annual integrated reports		
	Perceived level of importance	**Low**	**Medium**	**High**
Respondents	**Low**	T_3	T_1 T_2	T_{10}
	Medium	T_4 T_8	T_5	T_6 T_9
	High	T_7 T_{12}		T_{11}

Key	
	No perception gap
	Some perception gap
	Significant perception gap

Table 5: Perceived level of importance of each theme (sophisticated respondent group)

Theme reference (see Table 1 for description)	Average times reported(ref) per integrated report	Perceived importance	Average respondent score out of 5	Perceived importance
T_1	14.5	medium	3.62109375	medium
T_2	15.1	medium	3.098958333	low
T_3	7.2	low	2.72265625	low
T_4	5.4	low	3.44140625	low
T_5	12.6	medium	3.482142857	low
T_6	17.3	medium	4.1625	high
T_7	9.7	low	4.333333333	high
T_8	6.4	low	3.921875	medium
T_9	86.9	high	4.064453125	high
T_{10}	61.5	high	3.2890625	low
T_{11}	62.5	high	4.442708333	high
T_{12}	4.1	low	4.3359375	high

Figure 6: Identification of perception gaps amongst themes (sophisticated respondent group)

		Annual integrated reports		
	Perceived level of importance	**Low**	**Medium**	**High**
Respondents	**Low**	T_3 T_4	T_2 T_5	T_{10}
	Medium	T_8	T_1	
	High	T_7 T_{12}	T_6	T_{11} T_9

Key	
	No perception gap
	Some perception gap
	Significant perception gap

Figures 5 and 6 illustrate that significant perception gaps exist between corporates and respondent groups across themes **T_7**, **T_{10}** and **T_{12}**. The emphasis placed by the ten corporates on themes **T_3** and **T_{11}** was consistent with the perceived importance of both respondents, with additional consistencies found across themes **T_4** and **T_9** for the sophisticated respondents. These themes will be discussed in further detail.

The companies studied and both respondent groups placed a low level of importance on reporting related to the marketing and promotional activities, as well as awards received by the companies (**T_3**). This theme did not seem to be of reporting significance to the companies, while the respondents may have felt that the reporting of matters described in **T_3** did not offer them value, nor did it assist in their assessment of the accountability of management (Ravenscroft and Williams, 2009). Additionally, the perceived importance of **T_4** among the sophisticated respondents was consistent with that of the companies studied. In contrast to the unsophisticated group, the sophisticated respondents placed little importance on reporting for the purposes of simplifying the integrated report and providing more straightforward disclosures. This consistency was expected since this group, together with the preparers of the integrated reports, have a high level of education and experience. Including additional disclosure explanations and simplified results had negligible effect on their decision making ability (Gay et al, 1997; SAICA, 2015; Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001).

A further consistency found between the companies and the sophisticated respondent group is their shared emphasis on reporting related to corporate governance, governance structures, ethics and effectiveness of the various committees (**T_9**). This finding indicated that sophisticated respondents placed importance on the accountability and performance of management (agents) in serving their interests

(Ravenscroft and Williams, 2009). The importance placed on **T_9** further showed that the sophisticated respondents understood the benefits of the corporate governance structures and committees suggested by King III (King-III, 2013).

The companies and both respondent groups show consistent emphasis on strategic and risk management reporting (**T_{11}**). The consistency is not surprising since the financial services sector is characteristically associated with heightened risk, and strong performance can only be achieved through the implementation of precise strategic leadership by management (PwC, 2015). Statutory compliance is also a key driver of the emphasis placed on theme **T_{11}** by companies as Basel-III, King-III and IFRS require extensive risk and strategic disclosure (Basel-III, 2011; King-III, 2013; IASB, 2014).

Among other reasons why the respondents perceive risk and strategic reporting to be of importance may be a precautionary measure in the aftermath of the 2008 financial crisis, coupled with the uncertainty of a stable economic environment for South African financial service providers (PwC, 2015). The significant perception gaps which exist for themes **T_7** and **T_{12}** indicate that both respondent groups do not feel that conventional risk and strategic reporting provides adequate assurance over these threats. The respondents seek greater reporting, namely, explaining the companies' plans and procedures in the event of another financial crisis, and details of how management has implemented responsible lending policies to maintain financial sustainability (**T_{12}**) (Atkins and Maroun, 2015; Ravenscroft and Williams, 2009).

The perception gap for theme **T_7** revealed that the respondents also place value on the reporting of macroeconomic volatility unique to South Africa, such as the adverse effects of load shedding, and the threat of nationalisation. In addition, the results of **T_7**

showed that both groups consider the findings of the external auditor to be of importance. This may also be viewed as a response to the 2008 financial crisis, in that stakeholders may have greater confidence in the findings of the external auditors than in what is communicated by management (ACCA, 2011; Asare and Wright, 2012). Recent changes to the reporting standards contained in the International Standards on Auditing (ISA) also point towards stakeholders placing more reliance on the reports and key findings of the external auditors (Louis, 2015; IRBA, 2014).

Contrary to the high volume of reporting related to social, cultural and environmental initiatives (**T_{10}**) found in the integrated reports of the companies studied, this theme was perceived to be of little importance to the respondent groups. Extensive reporting of this theme by the companies may be attributed to the need to comply with the principles of King-III while applying the integrated reporting approach to provide stakeholders with accountability (Atkins and Maroun, 2015). While this greater emphasis on social and environmental information by companies indicates that corporate reporting behaviour has changed in order to embrace stakeholder accountability, the respondents may share the same sentiments as Solomon and Maroun (2012) in that they consider social, environmental and ethical reporting as excessive in nature and of little relevance to communicating value in a company involved in the financial services industry (BlackSun, 2014). The effect of this over-reporting is that stakeholders will find it difficult to establish causal relationships between the operational and financial performance of the company and its impact on society and the environment (Carels et al, 2014; Raemaekers and Maroun, 2014; Naynar, 2016).

4.5 Results of the factor analysis

To reduce the dimensionality of the data, Principle Axis Factoring with *IBM SPSS Statistics 24,* was used to examine patterns of correlations among the questions used to measure the company and respondent perceptions of what is of value in an integrated report (Table 6).

The factorability of the correlation matrix was investigated using Pearson's product-moment correlation coefficient. The correlation matrix (Table 7) demonstrated a number of coefficients of 0.3 and above. The Kaiser-Meyer-Olkin value was 0.715, which is well above the recommended minimum value of 0.6 (Kaiser et al, 1970; Kaiser and Rice, 1974). According to Bartlett's Test of Sphericity, the data had also reached statistical significance, $p<.001$, deeming the correlation matrix factorable (Bartlett, 1954).

All 60 themes were initially subjected to the Principal Component Analysis, but three of the variables, namely Q17, Q23 and Q54, had an extraction result below .400 and were consequently dropped from the solution because they did not load sufficiently on any of the components[9].

The above process resulted in a solution made up of 12 components which, together, explained 67.662% of the variation in the data (Table 8). Only component loadings of 0.400 and higher were included by the researcher in the analysis.

[9] The factor analysis will be run on 57 items amongst 189 observations. This is not in line with the idea ratio of 1 item for every 10 observations. This may impact the stability of the solution and is a limitation of the study.

Table 6: Communalities of the 57 items (Principal component analysis)

	Initial	Extraction
Q1 Assessing competition from other companies: how the company aims to gain competitive advantage and improve its position within the market	1.000	.605
Q2 Assisting distressed customers: offering debt counselling and debt rehabilitation programs to customers in financial distress	1.000	.649
Q3 Awards and nominations the company has received	1.000	.671
Q4 The use of a balanced scorecard approach when evaluating the impact and operations of the company	1.000	.646
Q5 Bridging the principal-agent gap	1.000	.632
Q6 Broad Based Black Economic Empowerment reporting: BBBEE scorecard, status, rating and shareholding	1.000	.663
Q7 Building trust between the public and the financial sector	1.000	.642
Q8 Communication and engagement with stakeholders and customers	1.000	.665
Q9 Competitive practices: offering lower fees and more affordable financial products for its customers	1.000	.703
Q10 Compliance with regulation and legislation such as King III, Companies Act, JSE listing requirements, BEE, banking codes, Basel III, NCR, FSB, regulatory disclosure, SRI, dti, NHI, retirement reformation, CMS	1.000	.607
Q11 Credit ratings of parent and subsidiaries: independent ratings by Fitch, Moody's, S&P	1.000	.629
Q12 Customer research: analysing customer behaviour, needs and recent changes to customer behaviour in the market	1.000	.487
Q13 Customer reward programs to encourage loyalty	1.000	.740
Q14 Customer satisfaction: the fairness, quality of service and innovation of products	1.000	.639
Q15 Dividends and returns made to shareholders	1.000	.529
Q16 Economic impact: the economic environment in which the company operates and its impact on the economy	1.000	.653
Q18 Electronic & online banking: using technological innovation for the purpose of banking, reliability of electronic services and governance of IT	1.000	.652
Q19 Environmental impact and initiatives: the company's carbon emissions, natural resources, water and paper usage, investment in renewable energy and partnering with NGO's	1.000	.760
Q20 Expansion and growth into South Africa	1.000	.688
Q21 Expansion and growth into parts of Africa and other emerging markets	1.000	.738
Q22 External auditors: the external auditor's report, the company's disclosures to them, and fees paid for their service	1.000	.586
Q24 Fines received due to the company contravening regulations	1.000	.622
Q25 Governance committees: reporting about each of the company's committees	1.000	.687
Q26 Governance ethics: ethical leadership and conduct. Good corporate citizenship and dispute resolution procedures.	1.000	.696
Q27 Governance (details about management): management education, background, contract terms and appointment dates	1.000	.715
Q28 Governance quality and effectiveness: the evaluation, monitoring and review of governance performance and attendance.	1.000	.730
Q29 Governance remuneration and benefits: long-term share incentive schemes	1.000	.832
Q30 Governance remuneration and benefits: performance-based pay, directors' interests	1.000	.751
Q31 Governance remuneration and benefits: remuneration polices, structures, disclosures, retirement schemes and severance benefits	1.000	.747
Q32 Governance structure: appointment, composition, responsibilities, continuity and changes	1.000	.682
Q33 Human capital: employment equity, minimum salaries, staff welfare, training, retention, health, rewards for good service, recognition, benefits and safety	1.000	.733
Q34 Human rights and preventing discrimination	1.000	.697
Q35 Initiatives which promote the arts, culture, heritage and social fabric of society	1.000	.717
Q36 Integrated reporting: how the company has applied and structured the integrated report	1.000	.593
Q37 Internal audit and internal controls	1.000	.713
Q38 internal cost savings and creating operational efficiencies	1.000	.691
Q39 Job creation	1.000	.679
Q40 Making financial services more simple and accessible: increasing access of financial services to the previously disadvantaged; making fees simpler and more transparent	1.000	.708

Q41 Marketing and promotional activities: advertising, social media presence, roadshows and relationship with the media	1.000	.726
Q42 Preventing and addressing white collar crime: ensuring client safety, campaigns against bribery, corruption, cyber-crime and to encourage whistle-blowing	1.000	.737
Q43 Promoting the use of cellphone banking and related apps	1.000	.747
Q44 Recovery plan for the company in the event of a financial crisis	1.000	.659
Q45 Building relationships with customers	1.000	.684
Q46 Building relationships with downstream service providers	1.000	.736
Q47 Building relationships with regulators	1.000	.639
Q48 Reputation of the company: managing the company's association with controversial clients, business decisions, sectors, governments, countries and political parties	1.000	.746
Q49 Response to changes in regulation, policy and legislation	1.000	.524
Q50 Responsible financial practices: lending, banking and investing responsibly	1.000	.704
Q51 Risk assessment and management by the company	1.000	.673
Q52 Simplifying the integrated report to make it easier to understand: defining and explaining the IFRS and accounting terms, acronyms, abbreviations and ratios used in the report	1.000	.502
Q53 Social and community initiatives: investment in communities, humanitarian funds, health and infrastructure	1.000	.700
Q55 Suppliers: sourcing from smaller, black-owned and ethical suppliers	1.000	.737
Q56 Supporting small businesses and entrepreneurs	1.000	.712
Q57 Sustainability audit report	1.000	.687
Q58 Targeted and responsible investments: investing in infrastructure and projects in African countries to help boost growth in those regions	1.000	.700
Q59 Transformation: integrating all race, gender and persons with disabilities into the company.	1.000	.680
Q60 Values of the firm: respect, teamwork, integrity and preventing arrogance or complacency	1.000	.694

Extraction Method: Principal Component Analysis

Table 7: Pearson correlation coefficients among the original 57 items (N=189, Pairwise)

	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24	Q25	Q26	Q27	Q28	Q29	Q30
Q1	1																													
Q2	.157*	1																												
Q3	-0.001	-.253**	1																											
Q4	.268**	0.135	.225**	1																										
Q5	0.090	-0.026	.184*	.324**	1																									
Q6	0.085	.162*	0.043	.235**	0.122	1																								
Q7	0.096	0.060	.296**	.381**	.353**	0.091	1																							
Q8	.177*	.186*	-0.125	.231**	.406**	.172*	.146*	1																						
Q9	-0.018	.262**	-.228**	-0.084	0.092	0.057	.222**	.278**	1																					
Q10	0.069	0.029	0.046	.232**	0.027	.345**	0.101	.196**	0.073	1																				
Q11	.248**	.214**	-.199**	0.070	0.057	0.117	0.041	0.136	0.111	0.060	1																			
Q12	.166*	0.115	0.098	0.108	0.118	0.143	.257**	.189**	.149*	0.050	.152*	1																		
Q13	-.200**	-.227**	.563**	.145*	.206**	0.121	.326**	0.014	0.055	0.052	-.199**	.154*	1																	
Q14	0.035	.182*	0.010	0.016	0.024	0.141	.234**	.259**	.401**	0.114	-0.001	.277**	.269**	1																
Q15	.187*	0.123	0.111	.319**	0.133	.264**	.260**	0.007	-0.131	0.131	.203**	.153*	0.072	0.001	1															
Q16	-0.044	-0.090	.361**	0.065	.346**	0.021	.155*	0.049	0.026	0.120	0.132	0.110	.235**	0.013	.184*	1														
Q17	.146*	0.083	.254**	0.088	.207**	.224**	.249**	.218**	0.057	.202**	0.017	.295**	.183*	.190**	0.117	.390**	1													
Q18	-0.014	0.096	.179*	0.131	0.093	-0.051	.370**	0.003	.152*	-0.040	0.043	0.105	.398**	.235**	0.143	0.017	0.014	1												
Q19	.243**	-0.055	.426**	.404**	.255**	.286**	.321**	0.010	-.316**	0.115	0.074	.155*	.299**	-0.013	.491**	.236**	.278**	.265**	1											
Q20	0.035	-0.054	.330**	.323**	0.075	.253**	.396**	0.005	.166*	.262**	-0.066	0.125	.425**	.294**	.266**	.152*	.191**	.324**	.437**	1										
Q21	-0.061	-.175*	.384**	0.042	.171*	0.033	.315**	0.005	0.098	0.077	0.026	0.085	.381**	.232**	0.142	.310**	.203**	.304**	.318**	.633**	1									
Q22	.162*	.148*	0.036	.253**	.344**	0.136	.184*	0.121	-0.067	.210**	0.018	0.080	-0.096	0.019	.236**	.234**	.310**	-0.137	.357**	0.106	0.094	1								
Q23	.190**	.337**	-.210**	.148*	.274**	0.142	.192**	.405**	.245**	-0.039	0.132	.253**	-.169*	.201**	0.021	.153*	.296**	0.043	-0.013	0.026	-0.044	.288**	1							
Q24	.228**	0.138	-0.085	0.082	0.047	0.023	0.088	0.093	0.035	.153*	0.131	.178*	-.199**	.209**	.265**	0.064	0.138	-0.008	0.087	0.018	0.043	.316**	.205**	1						
Q25	-0.075	.161*	-0.108	.161*	.191**	0.130	.263**	0.115	.238**	.177*	.163*	.189**	-0.037	0.069	.149*	-0.016	0.083	.254**	.144*	0.084	0.009	.174*	.279**	.257**	1					
Q26	-0.034	-0.005	.206**	0.017	.143*	0.125	.269**	0.101	0.037	.327**	0.092	.207**	.145*	.214**	0.102	.268**	.437**	0.081	.243**	0.075	-0.004	.236**	.165*	.273**	.368**	1				
Q27	.223**	0.119	-0.121	0.121	.253**	0.094	0.105	.319**	.185*	0.143	.245**	.171*	-0.108	0.028	0.054	0.139	.228**	0.048	0.046	-.171*	-.188**	.187**	.356**	.312**	.419**	.386**	1			
Q28	.204**	.190**	-.286**	0.121	.258**	.170*	0.053	.432**	.199**	0.129	.379**	0.034	-.176*	0.042	.153*	0.077	0.113	0.026	0.069	-.163*	-.180*	.217**	.427**	.159*	.320**	.328**	.623**	1		
Q29	.310**	0.106	0.036	.192**	.215**	0.121	.190**	0.113	-0.122	0.119	.206**	.263**	-0.127	0.104	.390**	.208**	.297**	0.112	.376**	0.019	0.046	.260**	.272**	.419**	.445**	.414**	.517**	.418**	1	
Q30	.185*	0.013	0.011	0.076	.246**	0.013	-0.102	0.086	-0.134	-0.048	0.117	-0.047	-0.092	-0.054	.280**	.287**	0.028	0.001	.192**	-0.055	0.089	.203**	.194**	.281**	.279**	.233**	.369**	.376**	.687**	1
Q31	.240**	.211**	-0.045	0.071	0.071	0.066	0.099	0.093	0.030	.170*	0.029	.162*	-.206**	.251**	.187*	0.108	.220**	0.007	0.130	0.063	0.071	.268**	.316**	.533**	.385**	.345**	.365**	.168*	.691**	.481**
Q32	-0.096	0.093	0.017	0.126	.185*	0.001	-0.041	.234**	0.083	.220**	-0.019	-0.059	.244**	.150*	0.117	.211**	.163*	.158*	0.016	0.012	0.074	0.109	.173*	.226**	.196**	.242**	.305**	.291**	.228**	.396**
Q33	-0.096	-0.004	.294**	.307**	.233**	.217**	.267**	0.030	-0.073	.323**	-.237**	-0.012	.404**	.182*	.260**	.151*	.236**	.312**	.292**	.331**	0.112	0.127	0.020	0.061	0.117	.291**	0.052	0.013	0.140	0.073
Q34	0.007	-0.051	.354**	.291**	.232**	.168*	.506**	0.136	.208**	0.128	-.156*	0.090	.496**	.314**	0.112	-0.090	0.111	.456**	.304**	.524**	.412**	0.055	-0.015	0.033	.215**	0.119	-0.084	-0.048	-0.013	-.202**
Q35	-0.026	-0.105	.581**	.203**	0.094	0.126	.337**	-0.001	-.202**	.148*	-.177*	-0.010	.564**	0.118	0.089	0.123	.180*	.344**	.409**	.386**	.336**	-0.038	-.197**	-0.052	-0.008	.197**	-0.139	-.195**	0.004	-0.003
Q36	0.053	0.008	.295**	.254**	.205**	.178*	.218**	0.141	-0.124	.333**	-0.066	0.133	.265**	.162*	0.107	.208**	.400**	0.064	.299**	.345**	.218**	.218**	0.087	0.068	0.016	.325**	-0.084	-0.074	0.058	0.039
Q37	.211**	0.038	-0.128	0.004	.179*	.244**	0.005	.319**	.239**	0.136	-0.059	-0.049	-0.058	.187*	0.096	0.007	.162*	0.022	-0.026	-0.006	-0.012	0.123	.213**	-0.004	0.056	0.043	0.113	.264**	0.068	0.113
Q38	0.092	0.013	-0.141	-0.107	0.093	0.001	0.006	.230**	.303**	0.066	-0.031	0.011	-0.042	.279**	-0.052	0.089	0.070	0.132	-.290**	-0.038	0.069	-0.042	.224**	-0.059	0.008	-0.051	-0.005	0.097	-0.070	0.064
Q39	-0.027	0.059	.262**	0.140	.237**	0.007	.160*	0.133	.220**	0.140	-.203**	.154*	.258**	0.134	0.007	.246**	.472**	0.133	0.023	.147*	0.094	.183*	.214**	-0.029	0.080	0.125	-0.024	-.155*	-0.031	-0.136
Q40	.176*	.417**	-0.142	-0.005	0.136	0.056	.192**	.273**	.311**	0.038	0.057	.156*	-0.084	.288**	-0.032	0.101	.299**	0.081	-0.120	-0.003	0.037	0.137	.450**	.188**	.178*	0.007	.144*	0.113	0.112	-0.036
Q41	-0.066	-.317**	.452**	0.111	0.099	.168*	.201**	-0.034	-0.034	0.098	-.313**	0.058	.565**	0.097	0.000	0.060	0.069	.288**	.237**	.268**	.184*	-0.139	-.187*	-.157*	-0.010	0.043	-0.083	-.169*	-0.075	-0.110
Q42	-.177*	-0.021	0.094	-0.086	0.113	0.018	0.082	.246**	.263**	0.038	-.153*	-0.036	.246**	.390**	0.034	0.103	.148*	.267**	-.172*	.172*	.249**	-0.137	.160*	0.109	-0.086	0.085	0.004	0.066	-.156*	-0.051
Q43	-0.009	-0.022	.324**	-0.076	0.004	-0.139	0.084	-0.042	0.062	-0.092	-.188**	-0.044	.370**	.336**	0.042	0.101	-0.017	.503**	0.033	.244**	.340**	-.172*	-0.053	0.013	-0.087	-0.043	-0.078	-.153*	-0.001	0.133
Q44	0.102	.298**	-.238**	-0.064	0.074	0.116	-0.054	.427**	.249**	0.079	0.033	.211**	-0.117	.297**	-0.034	-0.045	0.103	0.023	-0.115	-0.115	-.146*	0.094	.316**	.236**	.143*	0.026	.187**	.312**	0.093	0.023
Q45	-0.130	0.086	0.115	0.108	.231**	-0.063	0.128	.218**	0.111	0.018	-0.081	-0.072	.268**	.183*	0.015	0.095	0.040	.266**	-0.107	0.063	0.092	-0.019	0.049	-0.044	0.048	-0.005	-0.113	0.054	-0.096	0.033
Q46	-0.014	-0.045	.200**	0.086	.185*	-0.090	0.069	.222**	0.023	-0.018	-.153*	0.019	.396**	.206**	0.016	0.098	.172*	.302**	0.037	.199**	.237**	0.002	0.021	0.026	-0.054	0.057	-0.088	0.015	0.037	0.139
Q47	-0.005	-0.022	-0.001	-.233**	0.023	-.195**	-0.125	.166*	0.007	-0.070	0.009	-0.014	0.070	0.040	-0.114	0.126	.254**	-0.129	-.204**	-.169*	0.019	-0.042	.146*	0.015	-0.074	0.076	0.061	0.090	-0.009	0.065
Q48	.150*	-.235**	.345**	-0.004	.228**	0.105	-0.027	0.105	-.296**	-0.004	-0.041	0.107	.202**	0.055	.245**	.462**	.388**	0.018	.432**	0.102	.222**	.195**	0.074	0.120	-0.119	.280**	.176*	.173*	.311**	.365**
Q49	0.140	0.059	0.037	0.083	.206**	0.135	-0.024	.276**	-0.009	.181*	0.070	0.017	-0.024	0.003	0.139	.259**	.198**	-0.045	0.019	-0.071	-0.039	0.001	.243**	0.090	0.036	0.101	.221**	.268**	.212**	.304**
Q50	0.095	0.091	0.002	0.009	.332**	0.062	-0.077	.347**	0.124	0.060	.155*	0.045	-0.011	-0.070	0.090	.298**	.179*	-0.035	-0.052	-0.125	-0.023	0.092	.282**	-0.006	0.045	0.071	.239**	.365**	0.132	.291**
Q51	0.035	0.014	-.257**	-0.019	0.116	0.109	-0.057	.288**	.190**	0.134	0.114	-0.119	-0.037	0.089	.154*	0.036	-0.024	0.069	-.154*	-0.099	-0.021	-0.062	.224**	0.118	0.097	-0.009	.170*	.376**	0.078	.198**
Q52	0.006	0.060	.184*	.179*	.210**	-0.043	.423**	-0.029	0.079	-0.042	-0.119	.244**	.207**	0.018	.193**	0.108	.176*	.226**	.248**	.203**	.174*	.160*	.158*	0.108	.239**	.170*	0.105	0.060	0.093	0.027
Q53	0.098	-0.041	.376**	.213**	.229**	.310**	0.072	.280**	-.224**	.267**	-0.126	-0.061	.356**	0.073	.166*	.232**	.350**	0.096	.507**	.237**	.239**	0.098	0.003	-0.108	-0.123	.221**	-0.057	0.063	0.117	.168*
Q54	.286**	.226**	-.245**	-0.072	0.033	0.023	0.112	.165*	.157*	0.025	.241**	0.137	-.253**	0.047	0.043	0.005	0.109	0.020	-0.031	-0.021	0.007	0.143	.419**	.257**	.227**	.168*	.222**	.376**	.251**	.175*
Q55	0.092	0.031	0.112	-0.136	.228**	.229**	-0.061	.164*	-0.002	0.036	0.036	-0.028	.144*	0.068	-0.003	.299**	.192**	-0.069	0.060	-0.097	0.129	0.034	.157*	-0.081	-0.028	0.076	0.038	.150*	0.139	.339**
Q56	.179*	-0.109	.308**	0.121	.298**	0.093	0.022	.167*	-0.113	0.068	-.148*	0.010	.363**	-0.035	0.112	.270**	.234**	0.039	.202**	0.035	0.030	-0.022	0.082	-.170*	-.176*	-0.010	0.103	0.058	.145*	.235**
Q57	0.040	-.243**	.506**	.184*	.283**	0.109	.315**	0.043	-.248**	.166*	-0.062	0.057	.359**	-0.034	.254**	.493**	.332**	0.089	.411**	.218**	.370**	.234**	0.089	-0.009	-0.078	.255**	0.072	0.012	.199**	.226**
Q58	.163*	-0.106	.334**	0.047	0.056	.178*	0.026	0.068	-.166*	0.090	0.005	-0.115	.332**	0.081	0.139	.313**	.311**	0.055	.212**	.201**	.301**	0.024	0.041	0.003	-0.078	.160*	0.038	0.097	.210**	.344**
Q59	0.117	-0.040	.181*	0.022	0.139	.346**	-0.096	.176*	-0.130	.272**	-0.108	0.040	.203**	0.117	0.088	.352**	.396**	-0.104	.174*	0.058	0.099	0.124	0.136	0.055	-0.073	.205**	0.048	0.131	.199**	.220**
Q60	-0.015	-.209**	.475**	.170*	.334**	0.117	.310**	.197**	-0.086	-0.002	0.003	.195**	.543**	0.106	0.042	.398**	.224**	.236**	.294**	.241**	.424**	0.035	0.022	-0.120	-0.087	.157*	-0.081	0.057	-0.022	0.063

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 7 (continued):

	Q31	Q32	Q33	Q34	Q35	Q36	Q37	Q38	Q39	Q40	Q41	Q42	Q43	Q44	Q45	Q46	Q47	Q48	Q49	Q50	Q51	Q52	Q53	Q54	Q55	Q56	Q57	Q58	Q59	Q60
Q31	1																													
Q32	.244**	1																												
Q33	0.116	.442**	1																											
Q34	0.032	0.079	.417**	1																										
Q35	-0.026	.185*	.473**	.477**	1																									
Q36	0.104	.230**	.461**	.252**	.477**	1																								
Q37	0.103	.258**	.166*	0.100	-0.016	.190**	1																							
Q38	0.021	.248**	0.065	0.029	0.008	.165*	.623**	1																						
Q39	0.056	.208**	.223**	.257**	0.098	.264**	.302**	.358**	1																					
Q40	.269**	0.080	-0.046	0.113	-0.070	0.085	.322**	.397**	.429**	1																				
Q41	-0.141	0.118	.455**	.343**	.525**	.226**	.201**	0.116	.175*	-0.068	1																			
Q42	-0.028	.367**	.322**	.297**	.182*	.168*	.323**	.456**	.287**	.195**	.320**	1																		
Q43	0.027	.239**	.313**	.314**	.452**	.192**	0.126	.312**	0.080	0.120	.481**	.562**	1																	
Q44	.214**	.222**	0.008	0.029	-0.104	0.012	.340**	.289**	.172*	.442**	0.051	.259**	0.109	1																
Q45	-0.038	.381**	.354**	.218**	.229**	.275**	.343**	.474**	.253**	.187**	.263**	.431**	.370**	.203**	1															
Q46	0.037	.433**	.367**	.266**	.350**	.292**	.246**	.323**	.312**	.168*	.442**	.443**	.502**	.295**	.632**	1														
Q47	0.081	.238**	-0.038	-0.132	0.013	0.134	.194**	.237**	.176*	.322**	0.058	.217**	.193**	.373**	.344**	.495**	1													
Q48	0.088	.248**	.237**	-0.062	.206**	.264**	.170*	0.113	0.042	0.044	.292**	.203**	.272**	0.091	0.077	.314**	.242**	1												
Q49	0.085	.366**	.204**	-0.117	0.035	.208**	.239**	.296**	.191**	.196**	0.098	.238**	0.129	.168*	.286**	.242**	.346**	.349**	1											
Q50	-0.002	.422**	.144*	-.162*	-0.065	0.136	.327**	.298**	.220**	.167*	-0.041	.149*	-0.007	.182*	.345**	.264**	.292**	.316**	.687**	1										
Q51	0.052	.406**	.158*	0.007	-0.064	-0.006	.454**	.405**	-0.041	0.120	-0.022	.335**	0.077	.226**	.306**	.156*	0.106	.150*	.352**	.478**	1									
Q52	0.043	-0.016	0.136	.323**	.164*	.256**	-0.004	-0.017	.219**	.169*	0.109	-0.015	0.124	-0.072	0.116	0.095	-0.017	-0.043	-0.048	-0.072	-.167*	1								
Q53	-0.035	.397**	.408**	.158*	.498**	.471**	.302**	0.141	.258**	-0.001	.366**	.176*	.244**	0.041	.201**	.390**	0.115	.506**	.310**	.267**	0.127	0.043	1							
Q54	.332**	0.127	-0.048	-0.065	-.197**	-0.004	.310**	.222**	-0.062	.277**	-.162*	-0.006	-0.136	.222**	0.038	-0.070	0.055	0.041	0.142	.199**	.295**	0.021	-0.057	1						
Q55	0.045	.210**	-0.054	-0.113	.174*	0.130	.345**	.353**	0.132	.247**	0.067	0.018	0.137	0.137	.160*	.232**	.320**	.344**	.286**	.404**	.319**	0.009	.398**	0.103	1					
Q56	-0.048	.238**	.226**	0.016	.285**	.210**	.271**	.241**	.305**	.167*	.377**	0.110	.235**	0.089	.268**	.393**	.287**	.368**	.398**	.399**	.260**	0.024	.468**	-0.043	.555**	1			
Q57	0.018	.193**	.241**	0.063	.446**	.382**	0.085	0.075	.165*	-0.008	.350**	0.138	.252**	-.206**	0.113	.171*	0.086	.518**	.336**	.304**	0.075	.165*	.463**	0.010	.342**	.442**	1			
Q58	0.127	.325**	.238**	0.002	.428**	.317**	.202**	.208**	0.090	0.099	.269**	.167*	.326**	0.046	.295**	.439**	.342**	.455**	.378**	.309**	.145*	0.019	.471**	0.099	.488**	.534**	.497**	1		
Q59	.185*	.292**	.194**	0.011	.190**	.361**	.353**	.279**	.293**	.209**	.198**	.209**	0.088	.245**	.169*	.288**	.262**	.438**	.361**	.294**	.206**	-0.044	.507**	0.039	.506**	.473**	.322**	.511**	1	
Q60	-.175*	.212**	.186*	.347**	.472**	.333**	0.010	0.105	0.086	-0.094	.257**	.189**	.267**	-0.134	.262**	.267**	0.092	.329**	.150*	.195**	0.026	.258**	.445**	-0.069	.279**	.237**	.555**	.358**	.277**	1

Table 8: Total variance explained by exploratory factor analysis

	Initial Eigenvalues			Rotation sums of squared loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.641	16.914	16.914	5.250	9.211	9.211
2	5.840	10.245	27.159	4.679	8.210	17.421
3	4.766	8.361	35.520	3.524	6.183	23.604
4	4.039	7.086	42.606	3.484	6.113	29.717
5	2.370	4.158	46.763	3.262	5.724	35.440
6	2.123	3.724	50.487	3.106	5.449	40.890
7	2.080	3.649	54.136	3.064	5.376	46.265
8	1.827	3.206	57.342	2.789	4.894	51.159
9	1.703	2.987	60.329	2.645	4.640	55.799
10	1.522	2.670	62.999	2.290	4.017	59.816
11	1.372	2.407	65.406	2.287	4.013	63.829
12	1.286	2.256	67.662	2.185	3.833	67.662
13	1.170	2.053	69.715			
14	1.071	1.879	71.594			
15	1.041	1.827	73.421			
16	.937	1.643	75.064			
17	.888	1.557	76.622			
18	.829	1.455	78.076			
19	.749	1.314	79.390			
20	.735	1.289	80.679			
21	.718	1.260	81.939			
22	.665	1.167	83.106			
23	.644	1.131	84.236			
24	.605	1.061	85.297			

25	.557	.977	86.274			
26	.533	.936	87.209			
27	.484	.850	88.059			
28	.467	.819	88.878			
29	.440	.773	89.651			
30	.416	.730	90.380			
31	.410	.719	91.099			
32	.382	.669	91.769			
33	.356	.625	92.394			
34	.333	.585	92.978			
35	.327	.573	93.551			
36	.306	.537	94.088			
37	.283	.496	94.584			
38	.263	.462	95.046			
39	.246	.431	95.477			
40	.240	.420	95.897			
41	.218	.382	96.279			
42	.214	.376	96.656			
43	.205	.359	97.015			
44	.180	.316	97.330			
45	.172	.302	97.633			
46	.170	.299	97.932			
47	.162	.284	98.216			
48	.154	.271	98.487			
49	.145	.255	98.742			
50	.131	.229	98.971			

51	.113	.198	99.168			
52	.103	.180	99.348			
53	.092	.162	99.510			
54	.090	.157	99.667			
55	.083	.145	99.812			
56	.059	.103	99.915			
57	.048	.085	100.000			

Extraction Method: Principal Component Analysis

A Principal Component Analysis with Varimax rotation[10] (Table 9) was then performed with the objective of analysing correlations among the latent constructs identified.

[10] *Orthogonal rotation was chosen since the analytical procedures are better developed than those of Oblique rotation. Varimax specifically was chosen since it results in a clearer separation of factors/components (Hair et al, 2006, p126).*

Table 9: Rotated component matrix: Principal component analysis with Varimax rotation (Kaiser Normalization)

	1	2	3	4	5	6	7	8	9	10	11	12
Q18 Electronic & online banking: using technological innovation for the purpose of banking, reliability of electronic services and governance of IT	.747											
Q34 Human rights and preventing discrimination	.713											
Q13 Customer reward programs to encourage loyalty	.671											
Q35 Initiatives that promote the arts, culture, heritage and social fabric of society	.628											
Q43 Promoting the use of cellphone banking and related apps	.605											
Q20 Expansion and growth into South Africa	.600											
Q7 Building trust between the public and the financial sector	.528									.410		
Q3 Awards and nominations that the company has received	.426											
Q55 Suppliers: sourcing from smaller, black-owned and ethical suppliers		.775										
Q56 Supporting small businesses and entrepreneurs		.738										
Q58 Targeted and responsible investments: investing in infrastructure and projects in African countries to help boost growth in those regions		.707										
Q59 Transformation: integrating all race, gender and persons with disabilities into the company.		.636										
Q53 Social and community initiatives: investment in communities, humanitarian funds, health and infrastructure		.559										
Q31 Governance remuneration and benefits: remuneration polices, structures, disclosures, retirement schemes and severance benefits			.829									
Q29 Governance remuneration and benefits: long-term share incentive schemes			.748									
Q24 Fines received due to the company contravening regulations			.681									
Q30 Governance remuneration and benefits: performance-based pay, directors interests			.613									
Q45 Building relationships with customers				.693								
Q46 Building relationships with downstream service providers				.668								
Q32 Governance structure: appointment, composition, responsibilities, continuity and changes				.622								
Q47 Building relationships with regulators				.508								

Q49 Response to changes in regulation, policy and legislation	.400		.432								
Q50 Responsible financial practices: lending, banking and investing responsibly			.425								
Q38 Internal cost savings and creating operational efficiencies				.717							
Q37 Internal audit and internal controls				.706							
Q51 Risk assessment and management by the company				.639							
Q9 Competitive practices: offering lower fees and more affordable financial products for its customers				.506							
Q42 Preventing and addressing white collar crime: ensuring client safety, campaigns against bribery, corruption, cyber-crime and to encourage whistle-blowing			.451	.495							
Q16 Economic impact: the economic environment in which the company operates and its impact on the economy					.718						
Q57 Sustainability audit report	.443				.596						
Q60 Values of the firm: respect, teamwork, integrity and preventing arrogance or complacency	.404				.565						
Q21 Expansion and growth into parts of Africa and other emerging markets	.522				.564						
Q48 Reputation of the company: managing the company's association with controversial clients, business decisions, sectors, governments, countries and political parties	.461				.469						
Q27 Governance (details about management): management education, background, contract terms and appointment dates						.739					
Q28 Governance quality and effectiveness: the evaluation, monitoring and review of governance performance and attendance.						.727					
Q25 Governance committees: reporting about each of the company's committees		.407				.506					
Q5 Bridging the principal-agent gap						.410					
Q4 The use of a balanced scorecard approach when evaluating the impact and operations of the company							.691				
Q19 Environmental impact and initiatives: the company's carbon emissions, natural resources, water and paper usage, investment in renewable energy and partnering with NGO's							.590				
Q15 Dividends and returns made to shareholders							.557				
Q1 Assessing competition from other companies: how the company aims to gain competitive advantage and improve its position within the market							.536				

Q22 External auditors: the external auditor's report, the company's disclosures to them, and fees paid for their service							.415				
Q10 Compliance with regulation and legislation such as King III, Companies Act, JSE Listing Requirements, BBBEE, Banking Codes, Basel III, NCR, FSB, Regulatory disclosure, SRI, dti, NHI, Retirement Reformation, CMS								.761			
Q6 Broad Based Black Economic Empowerment reporting: BBBEE scorecard, status, rating and shareholding								.589			
Q36 Integrated reporting: how the company has applied and structured the integrated report								.486			
Q33 Human capital: employment equity, minimum salaries, staff welfare, training, retention, health, rewards for good service, recognition, benefits and safety	.411			.425				.443			
Q26 Governance ethics: ethical leadership and conduct. Good corporate citizenship and dispute resolution procedures.								.432			
Q39 Job creation									.675		
Q52 Simplifying the integrated report to make it easier to understand: defining and explaining the IFRS and accounting terms, acronyms, abbreviations and ratios used in the report									.569		
Q40 Making financial services more simple and accessible: increasing access of financial services to the previously disadvantaged; making fees simpler and more transparent									.514	.407	
Q44 Recovery plan for the company in the event of a financial crisis										.623	
Q12 Customer research: analysing customer behaviour, needs and recent changes to customer behaviour in the market										.544	
Q8 Communication and engagement with stakeholders and customers						.402				.516	
Q14 Customer satisfaction: the fairness, quality of service and innovation of products	.408									.512	
Q11 Credit ratings of parent and subsidiaries: independent ratings by Fitch, Moody's, S&P											.672
Q2 Assisting distressed customers: offering debt counselling and debt rehabilitation programs to customers in financial distress											.593
Q41 Marketing and promotional activities: advertising, social media presence, roadshows and relationship with the media	.534										-.563

The above Principal Component Analysis resulted in a simple structure, with each of the 12 components showing a number of strong loadings. There were, however, a number of cross-loading situations (themes which loaded heavily on more than one component) which needed careful interpretation (Thurstone, 1947).

This process resulted in 12 components (latent constructs) being calculated and named as shown in table 10 below:

Table 10: Naming and reliability statistics of the components extracted from the principal component analysis with Varimax rotation

Component	No. of Items	Themes	Component name	Cronbach's Alpha
C1	9	Q18 Q34 Q13 Q35 Q43 Q20 Q3 Q60 Q41	Reporting and recognising the innovative practices which the company has implemented to foster growth, encourage loyalty, prevent discrimination and uplift society.	0.899
C2	6	Q55 Q56 Q58 Q59 Q53 Q57	Reporting on targeted investments which are aimed at supporting small suppliers, aiding in community development and accelerating transformation.	0.836
C3	4	Q31 Q29 Q24 Q30	Reporting on the benefits which those charged with governance have received and reports of their transgressions.	0.524

Component	No. of Items	Themes	Component name	Cronbach's Alpha
C4	6	Q45 Q46 Q32 Q47 Q49 Q50	Ensuring that governance structures, practices and policies are designed to strengthen relationships with stakeholders.	0.788
C5	5	Q38 Q37 Q51 Q9 Q42	Managing risk and developing efficiencies in order to increase competitiveness and profitability.	0.732
C6	3	Q16 Q21 Q48	The company's impact on the market and its relationship with market participants.	0.572
C7	4	Q27 Q28 Q25 Q5	Bridging the principal-agent gap by reporting on the competence and quality of corporate governance structures.	0.677
C8	5	Q4 Q19 Q15 Q1 Q22	The use of the balances scorecard approach and the work of external auditors to protect the interest of stakeholders, particularly shareholders, the environment and the market.	0.666

Component	No. of Items	Themes	Component name	Cronbach's Alpha
C9	5	Q10 Q6 Q36 Q33 Q26	Compliance with ethical and statutory standards aimed at promoting good corporate governance. These include sector specific legislation, empowerment guidelines, reporting guidelines, employment equity requirements and governance principals.	0.657
C10	3	Q7 Q 39 Q 52	Simplifying financial practice and reporting in order to foster an understanding between the public and the financial sector, while aiding in job creation.	0.522
C11	5	Q40 Q 44 Q 12 Q 8 Q 14	Communicating and engaging with stakeholders in order to understand their behaviour. This will help broaden the accessibility and functionality of financial products, while making them more resilient to financial crisis.	0.663

Component	No. of Items	Themes	Component name	Cronbach's Alpha
C12	2	Q11 Q2	Reporting on the financial status and sustainability of the company and the customer to whom the company provides financial services.	0.349
Overall	**57**	**57**	**All dimensions**	**0.899**

After analysing the Cronbach's alpha coefficients[11] (Table 9), 11 of the 12 extracted components demonstrated acceptable internal consistency and strong correlation with one another. The low Cronbach's alpha for component 12 means that there is insufficient correlation between the items loading on it. This component was, therefore, excluded from the final analysis.

Although components five and 11 has Cronbach's alpha values below .60, the researcher elected to retain these components. This was because risk management and stakeholder engagement are critical integrated reporting themes within the financial services sector and may offer valuable insight when analysed.

Finally, the descriptive statistics for the extracted components were obtained by calculating the mean of the items loading on each of the subscales (Table 11).

[11] *"The generally agreed upon lower limit for Crohnbach's Alpha is 0.70, although it may decrease to 0.60 in exploratory research" (Hair et a., 2006, p137).*

Table 11: Descriptive Statistics for the 12 latent constructs

	N	Min	Max	Mean	Std. Deviation
C1 Reporting and recognising the innovative practices which the company has implemented to foster growth, encourage loyalty, prevent discrimination and uplift society	189	1.33	4.67	2.694	0.75554
C2 Reporting on targeted investments which are aimed at supporting small suppliers, aiding in community development and accelerating transformation	189	1.33	5	3.487	0.75577
C3 Reporting on the benefits which those charged with governance have received together with their transgressions	189	1.25	5	3.982	0.70025
C4 Ensuring that governance structures, practices and policies are designed to strengthen relationships with stakeholders	189	1.5	5	3.767	0.64403
C5 Managing risk and developing efficiencies in order to increase competitiveness and profitability	189	1.4	5	3.883	0.68507
C6 The company's impact on the market, and its relationship with market participants	189	2	5	3.725	0.7151
C7 Bridging the principal-agent gap by reporting on the competence and quality of corporate governance structures	189	1.5	5	3.775	0.6094
C8 The use of the balances scorecard approach and the work of external auditors to protect the interest of stakeholders, particularly shareholders, the environment and the market	189	2.6	5	3.896	0.63063
C9 Compliance with ethical and statutory standards aimed at promoting good corporate governance. These include sector specific legislation, empowerment guidelines, reporting guidelines, employment equity requirements and governance principals	189	1.8	5	3.841	0.56999
C10 Simplifying financial practice and reporting in order to foster an understanding between the public and the financial sector, while aiding in job creation	189	1.67	5	3.6	0.74391
C11 Communicating and engaging with stakeholders in order to understand their behaviour. This will help broaden the accessibility and functionality of financial products, while making them more resilient to financial crisis	189	2	5	3.793	0.63056
C12 Reporting on the financial status and sustainability of the company and the customer to whom the company provides financial services to	189	1.5	5	3.905	0.73761
Valid N (listwise)	189				

4.5.1 Factor analysis discussion

Table 12: Comparison between company and respondent emphasis across the 12 latent constructs (components) identified from the factor analysis

Factor analysis component	Average times reported(ref) per integrated report	Perceived importance	Average mean answer	Perceived importance
C1	405	medium	2.694	low
C2	650	medium	3.487	low
C3	125	low	3.982	low
C4	240	low	3.767	medium
C5	426	medium	3.883	medium
C6	181	medium	3.725	high
C7	34	low	3.775	high
C8	78	low	3.896	medium
C9	261	high	3.841	medium
C10	187	high	3.6	low
C11	273	high	3.793	high
C12	79	low	3.905	high

Similarly to the preliminary analysis, Table 12 was constructed using the descriptive statistics for each of the components identified from the factor analysis to highlight where perception gaps may exist between the companies and the respondents. The perceived level of importance determined as high, medium or low was determined using the percentile values of each data point as described under 4.4. This information is again illustrated using a data scale visualisation tool to aid interpretation.

This analysis compares the results of companies and respondents across the components identified from the factor analysis, rather than the theoretical groupings used in the preliminary analysis (Naynar, 2016; Correia et al, 2013; Gold et al, 2012).

The most notable perception gaps occurs across themes **C_1**, **C_2**, **C_3**, **C_7**, **C_8** and **C_{12}**, while consistencies were found for the remaining components.

The respondents placed less emphasis than did the companies on reporting which relates to innovative practices designed to foster growth, encourage loyalty, prevent discrimination and uplift society (**C_1**), in addition to reporting on targeted investments, community development and transformation (**C_2**). This difference in perception is due largely to the over-reporting on socio-economic matters not related to the company's operations. Although the respondents all agreed that these themes should be included in the integrated report, they felt that there was little need to provide as much detail and volume as was seen in the integrated reports studied (Solomon and Maroun, 2012; Raemaekers and Maroun, 2014; Naynar, 2016).

In contrast to **C_1** and **C_2**, the respondents sought greater disclosure relating to the benefits which those charged with governance have received, together with reports of misconduct **C_3**. The perception gap across **C_3** shows that the respondents use the integrated reports as a means to address the principal-agent problem (Jensen and Meckling, 1976; Bebchuk and Fried, 2004). The respondents placed emphasis on disclosures showing the financial benefits received by management, together with incidences of under-performance. This need stems from the fact that the respondents use the integrated reports for accountability purposes and to ensure that management acts in the best interests of the company whilst performing their duties (Ravenscroft and Williams, 2009). The findings for **C_3** are corroborated by the perception gap for **C_7**. The factor analysis results for **C_7** show that the respondents sought further reporting on the quality and competence of management in an effort to bridge the principal-agent gap (Jensen and Meckling, 1976).

Finally, the factor analysis showed that respondents wanted greater reporting based on a balanced scorecard approach, with additional disclosures designed to serve the interests of all stakeholders (**C_8**), as well as reporting on the financial status and sustainability of the company and the customer (**C_{12}**). Sustainability is a key theme emphasised by the respondents across components **C_8** and **C_{12}** and the results show that they understand that sustainability can be strengthened by ensuring that there is coherence between the company and its stakeholders in the market (Arnold et al, 2012; Zhang and Andrew, 2014). **C_{12}** further shows that the respondents emphasise sustainability, not only for the company but also for its customers and counterparties. Although a number of regulatory measures have been introduced since the 2008 financial crisis to prevent reckless lending by financial institutions, the respondents would like to see more reporting on statistics such as counterpart risk ratings and incidents of default. This will help users gain comfort that the company is following responsible lending practices (Basel III, 2011; Reuters, 2014; Raemaekers and Maroun, 2014).

4.6 Mean differences between sophisticated and unsophisticated respondents (control testing)

The final part of the analysis involved comparing the perceived importance of the integrated reporting themes between the sophisticated and unsophisticated respondent groups, rather than between respondents and companies. This additional analysis was performed as a control to isolate and study the effect of sophistication on the perception gap. The comparison is done using both the theoretical themes and the factor analysis components (Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001).

4.6.1 Theoretical composite theme – Mean rank differences

The mean differences in responses were first compared, based on the theoretical themes determined in the primary analysis. For this purpose the t-values for the 12 theoretical composite themes were determined by calculating the mean of the items that make up the theme.

Both the Kolmogorov-Smirnov and the Shapiro-Wilk tests of normality shown under Appendix D indicate that the distributions of all components deviate significantly from normality. Because of this, it was decided to use non-parametric tests for the purposes of inferential testing.

Table 13: Summary of mean differences between the two respondent groups across the 12 theoretical themes

	Ranks			
	Level of sophistication	N	Mean Rank	Sum of Ranks
T1	Sophisticated respondents	64	103.7	6637
	Unsophisticated respondents	125	90.54	11318
	Mean difference		13.16	
	Total	189		
T2	Sophisticated respondents	64	90.27	5777
	Unsophisticated respondents	125	97.42	12178
	Mean difference		-7.15	
	Total	189		
T3	Sophisticated respondents	64	91.33	5845
	Unsophisticated respondents	125	96.88	12110
			-5.55	
	Total	189		
T4	Sophisticated respondents	64	95.18	6091.5
	Unsophisticated respondents	125	94.91	11863.5
			0.27	
	Total	189		
T5	Sophisticated respondents	64	96.31	6164

	Unsophisticated respondents	125	94.33	11791
			1.98	
	Total	189		
T6	Sophisticated respondents	64	120.29	7698.5
	Unsophisticated respondents	125	82.05	10256.5
			38.24	
	Total	189		
T7	Sophisticated respondents	64	88.53	5666
	Unsophisticated respondents	125	98.31	12289
			-9.78	
	Total	189		
T8	Sophisticated respondents	64	69.89	4473
	Unsophisticated respondents	125	107.86	13482
			-37.97	
	Total	189		
T9	Sophisticated respondents	64	83.13	5320
	Unsophisticated respondents	125	101.08	12635
			-17.95	
	Total	189		
T10	Sophisticated respondents	64	104.46	6685.5
	Unsophisticated respondents	125	90.16	11269.5
			14.3	
	Total	189		
T11	Sophisticated respondents	64	95.32	6100.5
	Unsophisticated respondents	125	94.84	11854.5
			0.48	
	Total	189		
T12	Sophisticated respondents	64	90.91	5818
	Unsophisticated respondents	125	97.1	12137
			-6.19	
	Total	189		

A Mann-Whitney U-test was then employed to test for mean rank differences[12] between sophisticated and unsophisticated respondents, with regards to how important they rate each of the composite theoretical themes included in the integrated report.

Table 14: Mann-Whitney U Test Statistics[a]

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
T1	3443.000	11318.000	-1.587	.113
T2	3697.000	5777.000	-.857	.391
T3	3765.000	5845.000	-.670	.503
T4	3988.500	11863.500	-.033	.974
T5	3916.000	11791.000	-.237	.813
T6	2381.500	10256.500	-4.587	.000
T7	3586.000	5666.000	-1.181	.238
T8	2393.000	4473.000	-4.581	.000
T9	3240.000	5320.000	-2.145	.032
T10	3394.500	11269.500	-1.706	.088
T11	3979.500	11854.500	-.058	.954
T12	3738.000	5818.000	-.748	.455

a. Grouping Variable: Level of sophistication

Across the theoretical themes, it was found that sophisticated respondents place greater importance on reporting which relates to regulatory compliance, management of credit ratings and other legal matters such as incidences of white collar crime and fines than do their unsophisticated counterparts. The mean rank difference in emphasis of 38.24 for **T_6** shows that the information needs for sophisticated respondents in particular have changed in the aftermath of the 2008 financial crisis and high-profile corporate debacles, such as the case of African Bank (Raemaekers and Maroun, 2014; Reuters, 2014). The sophisticated respondents in the study are all professionals with investment experience, either in their work or personal capacity. This group is aware of the regulatory mechanisms put in place by the South African Reserve Bank (SARB) and Basel III to enforce responsible lending practices (SAICA, 2015; Basel-III, 2011). These reports and disclosures are, as a result, considered more

[12] Mean rank differences indicate a position of a group along the line of possible ranks. This indicates that the one group tends to consider a theme more important than the other group, but it is not an absolute figure

important to the sophisticated respondents since this group has the ability to leverage on this information when making their investment decisions (Zhang and Andrew, 2014).

Another disparity worth noting between the sophisticated and unsophisticated respondents is reporting on transformation and Broad Based Black Economic Empowerment (BBBEE) initiatives (**T_8**). The mean rank difference of -37.97 shows that unsophisticated respondents prioritise BBBEE reporting more than their sophisticated counterparts do. The unsophisticated group may feel that the financial services sector has not embraced transformation at a satisfactory pace, warranting the need for greater reporting to assess the efforts of the company in fostering transformation. Conversely, the sophisticated group of respondents may feel that present regulatory policy on transformation addresses the matter adequately, meaning that they are satisfied with the disclosures shown in the integrated report (Ponte et al, 2007).

4.6.2 Exploratory factor analysis composite themes – Mean rank differences

Similarly to the above comparison, a second comparison was performed using the factor analysis components instead of the theoretical themes. Exploratory factor analysis was used as a method of dimension reduction and this resulted in 12 latent structures (components) as shown in the exploratory factor analysis section.

These components were initially determined by using the whole sample. Later the two sophistication groups were compared to determine across which components they differ most significantly. The Kolmogorov-Smirnov and the Shapiro-Wilk tests of normality shown under Appendix E indicate that the distributions of all components deviate significantly from normality. Because of this, non-parametric tests will be used for inferential testing.

Differences between the sophisticated and unsophisticated respondent groups were first analysed using the mean rank across each of the components identified using the factor analysis.

Table 15: Summary of mean differences between the two respondent groups across the factor analysis components

Ranks

	Level of sophistication	N	Mean Rank	Sum of Ranks
C1	Sophisticated respondents	64	73.19	4684
	Unsophisticated respondents	125	106.17	13271
	Mean difference		-32.98	
	Total	189		
C2	Sophisticated respondents	64	103.21	6605.5
	Unsophisticated respondents	125	90.8	11349.5
	Mean difference		12.41	
	Total	189		
C3	Sophisticated respondents	64	111.98	7167
	Unsophisticated respondents	125	86.3	10788
	Mean difference		25.68	
	Total	189		
C4	Sophisticated respondents	64	90.54	5794.5
	Unsophisticated respondents	125	97.28	12160.5
	Mean difference		-6.74	
	Total	189		
C5	Sophisticated respondents	64	90.29	5778.5
	Unsophisticated respondents	125	97.41	12176.5
	Mean difference		-7.12	
	Total	189		
C6	Sophisticated respondents	64	100.68	6443.5
	Unsophisticated respondents	125	92.09	11511.5
	Mean difference		8.59	
	Total	189		
C7	Sophisticated respondents	64	97.62	6247.5
	Unsophisticated respondents	125	93.66	11707.5
	Mean difference		3.96	
	Total	189		
C8	Sophisticated respondents	64	113.42	7259
	Unsophisticated respondents	125	85.57	10696
	Mean difference		27.85	
	Total	189		
C9	Sophisticated respondents	64	88.2	5645

	Unsophisticated respondents	125	98.48	12310
	Mean difference		-10.28	
	Total	189		
C10	Sophisticated respondents	64	76.55	4899
	Unsophisticated respondents	125	104.45	13056
	Mean difference		-27.9	
	Total	189		
C11	Sophisticated respondents	64	96.45	6172.5
	Unsophisticated respondents	125	94.26	11782.5
	Mean difference		2.19	
	Total	189		
C12	Sophisticated respondents	64	107.44	6876
	Unsophisticated respondents	125	88.63	11079
	Mean difference		18.81	
	Total	189		

A Mann-Whitney U-test was again employed to test for mean rank differences between sophisticated and unsophisticated respondents regarding how important they believe it is to include the composite themes in the integrated report.

Table 16: Mann-Whitney U Test Statistics

	Mann-Whitney U	Wilcoxon W	Z	Asymp. Sig. (2-tailed)
C1	2604	4684	-3.934	0
C2	3474.5	11349.5	-1.482	0.138
C3	2913	10788	-3.08	0.002
C4	3714.5	5794.5	-0.806	0.42
C5	3698.5	5778.5	-0.854	0.393
C6	3636.5	11511.5	-1.034	0.301
C7	3832.5	11707.5	-0.477	0.633
C8	2821	10696	-3.332	0.001
C9	3565	5645	-1.233	0.218
C10	2819	4899	-3.356	0.001
C11	3907.5	11782.5	-0.262	0.793
C12	3204	11079	-2.292	0.022

The Mann-Whitney U test found that there is a significant difference between sophisticated and unsophisticated respondents for **C_1** (mean rank difference= -32.98), **C_3** (mean rank difference= 25.68), **C_8** (mean rank difference= 27.85) and **C_{10}** (mean rank difference= -27.90).

The unsophisticated respondents placed more emphasis on reporting relating to innovation designed to foster growth, encourage loyalty, prevent discrimination and uplift society (**C_1**) than the sophisticated respondents did. The unsophisticated respondents believe that by playing a progressive role in society, the company will attract and retain customers, leading to enhanced company growth (Arnold et al, 2012; Solomon and Maroun, 2012). The unsophisticated respondents share the sentiment that there is space for more reporting on this component in the integrated reports.

The sophisticated respondents place more emphasis on **C_3** and **C_8** than do the unsophisticated group. Unlike the unsophisticated group, sophisticated respondents showed a higher mean response for disclosures relating to the performance and benefits received by management (**C_3**), as well as the findings of the external auditor in protecting the needs of stakeholders and other market participants (**C_8**). Because the sophisticated group has investment experience, they are likely to use the integrated reports for decision making purposes (SAICA, 2015; Zhang and Andrew, 2014). The disclosures included within **C_3** allow them to assess the performance of management and take the steps necessary to ensure that they act in the best interests of the company whilst performing their duties (Ravenscroft and Williams, 2009). Furthermore, **C_8** is valued highly by sophisticated respondents as they place strong reliance on the findings of the external auditor. This enhances their ability to evaluate investment decisions whilst having knowledge that the accountability of management has been independently assured (Asare and Wright, 2012).

The final disparity identified between the sophisticated and unsophisticated respondents across the factor analysis-determined components is **C_{10}**. This component includes disclosures relating to the use of simplified financial practice and reporting methods designed to foster an understanding between the public and the financial sector. This component is valued more so by the unsophisticated respondents than by their sophisticated counterparts due to the fact that these disclosures are designed to be intuitive and enhance their decision-making ability. The unsophisticated respondents may feel that current integrated reports present information in an overly complicated manner, overwhelming users with limited education and experience (Solomon and Maroun, 2012; Naynar, 2016). Unsophisticated respondents, therefore, emphasise the use of simplified disclosures, explanations and illustrations more than the sophisticated users do, as it simplifies complex yet relevant disclosure themes and evens the ‘playing field’ for less experienced users (Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001).

Chapter 5: Conclusion

The findings of this study indicate that inconsistencies exist between the focus placed by financial service companies on certain integrated reporting themes, and the perceived importance of these themes by respondents with different levels of sophistication.

This paper finds that a perception gap has developed due to the companies placing emphasis on themes not considered as important to the respondents: this includes marketing and promotional reporting, as well as social and environmental disclosures. All respondents instead seek more emphasis on issues such as the competence and performance of those charged with governance and how management has managed risk to ensure financial sustainability and prevent financial crisis (Naynar, 2016).

The paper further compares the two respondent groups in order to isolate and study the effect of sophistication on the perception gap (Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001). The results show that the sophistication of the respondent has an effect on the themes they want to see, as well as the way they want it to be conveyed to them. The sophisticated respondents, with higher levels of experience, place more emphasis on complex disclosures such as regulatory compliance and counterparty credit ratings. In contrast, the unsophisticated respondents value simplified reports and illustrations designed to enhance their understanding of the reports.

One of the most vocal campaigners of integrated reporting, Mervyn King, stated that “Interactive communication with key stakeholders is fundamental to the success of

integrated reporting, as engagement leads to knowledge of the stakeholders' legitimate interests and expectations" (Mervyn King's foreword, IRCSA, 2011).

This paper demonstrates that the companies studied are still in the process of fully embracing stakeholder engagement as suggested by King and understanding what information their stakeholders value. This may be because the companies studied do not fully understand the effect of sophistication on the information needs of the users of the integrated reports. The results show that different user groups have priorities different from one another, leading to a divergence in what users believe should be emphasised within the integrated report, and the way in which it should be conveyed to them. There also exists a misconception that increasing the quantity of social, environmental and ethical information in the report constitutes an improvement in the quality of integrated reporting, and improved value creation for stakeholders (Solomon and Maroun, 2012; Baker, 2011).

A key reason for the disparity between the approach to integrated reporting followed by companies and that suggested by Mervyn King may be that South African companies are increasingly relying upon the use of disclosure checklists to prepare their reports (Raemaekers and Maroun, 2014). Companies may adopt this approach as it offers comfort in the face of not knowing how they should apply the guiding principles toward integrated reporting as suggested by the IIRC (IIRC, 2014). This, however results in integrated reporting being applied in a 'one fits all' procedural fashion, while neglecting to engage with a range of stakeholders with different needs and priorities (Raemaekers and Maroun, 2014). The financial service companies studied are industry leaders, possessing the experience and resources necessary to deliver high quality integrated reports. The researcher, as a result, believes that there

are inadequacies in the manner in which companies in this sector solicit the opinions of stakeholders about what content in the integrated report they value (Naynar, 2016).

This study indicates that South African companies within the financial services sector may have not yet completed the journey to effective application of integrated reporting as envisioned by the IIRC. The companies studied require further engagement with their stakeholders, an improved understanding of how to apply the guiding principles, and a realignment of their reporting to complement the varying levels of sophistication found amongst their users. It is only then that they will create shared value for both themselves and their stakeholders (Cheng et al, 2014; BlackSun, 2014; Naynar, 2016).

5.1 Areas for future research

The use of respondents with varying levels of sophistication in this study was effective in highlighting where expectation gaps may exist between stakeholders and companies (Gold et al, 2012; Naynar, 2016; Gay et al, 1997; Monroe and Woodliff, 1993; Bailey et al, 1983; Murphy et al, 2013; Manson and Zaman, 2001). The validly of this paper, however, has the potential be increased through the exploration of other JSE sectors and the inclusion of a more diverse group of stakeholders.

The financial services sector was selected for this study because of the detailed integrated reports these companies tend to produce. This provided a suitable sample on which to analyse the themes in a positivist sense (Solomon and Maroun, 2012). The same, highly detailed integrated reports are not limited to the financial services sector so there is potential to extend the analysis into other industries. The emergence of stakeholder-oriented reporting and growing emphasis on integrated reporting driven by King III means that detailed integrated reports can be found in companies covering

all sectors (BlackSun, 2014). Analysing the integrated reports of companies in these other sectors will contribute to the research as it will offer insights into a greater variety of themes and stakeholders not typically found within the financial services sector.

Furthermore, this study only used respondents with varying levels of experience and education. This characteristic was isolated in the control testing section of the paper in order to determine whether respondent sophistication had an effect on the perception gap (Gold et al, 2012; Bailey et al, 1983; Murphy et al, 2013). There is, therefore, the potential to carry out the research using a greater diversity of respondents who can be differentiated by characteristics other than sophistication (for example age, sex, race and geographic spread). This will allow for these other characteristics to be controlled and studied to determine if they may also have an effect on the expectation gap.

A disadvantage of the approach used during the preliminary analysis is that the integrated reporting themes were aggregated into theme groups subjectively, which may lead to bias on behalf of the researcher (Klein and Myers, 1999). The results of the analysis cannot be generalised and so is limited in reliability. To address this bias, the researcher used a more objective theme reduction technique in the form of an exploratory factor analysis. Factor analysis was well suited to the study due to it being effective in studying interrelationships (Dimi et al, 2014). There were limiting elements within the factor analysis, most notable of which was the judgement required in analysing themes which loaded highly on more than one component. The reliability of the results could in future be improved through the use of alternate theme reduction techniques by which interpretation by the researcher can be reduced. The research is limited by the fact that two-thirds of the respondents are unsophisticated. Because of this, it could be argued that the results of this group could drive the overall results of

the factor analysis. Different factor structures may have emerged if the groups were analysed via factor analysis separately. This has been highlighted as an area that can be enhanced in future research.

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Appendices

Appendix A: Table of JSE listed financial service companies selected for the study (listed by market capitalisation).

Market Capitalisation	Position	Company Name	JSE Reference
319,179,867,257	1	Firstrand Ltd	FSR
283,522,040,725	2	Standard Bank Group Ltd	SBK
210,832,400,376	3	Old Mutual plc	OML
166,320,040,547	4	Sanlam Limited	SLM
156,579,550,411	5	Barclays Africa Group Ltd	BGA
124,374,271,651	6	Nedbank Group Ltd	NED
100,795,609,765	7	RMB Holdings Ltd	RMH
88,134,366,289	8	Discovery Ltd	DSY
65,671,409,002	9	Investec plc	INP
61,045,269,898	10	Capitec Bank Holdings Ltd	CPI

Appendix B: Complete list of themes identified by the researcher during (Part 1(a) of the data collection process)

Grouping (for later data analysis)		Theme within the integrated report
T_1	**1**	Assessing competition from other companies- How the company aims to gain competitive advantage and improve their position within the market
	2	Electronic & online banking- Using technological innovation for the purpose of banking, reliability of electronic services and governance of IT
	3	Internal audit and internal controls
	4	Internal cost savings and creating operational efficiencies
T_2	**5**	Assisting distressed customers- Offering debt counselling and debt rehabilitation programs to customers in financial distress

	6	Competitive practices- Offering lower fees and more affordable financial products for its customers
	7	Customer reward programs to encourage loyalty
	8	Customer satisfaction: the fairness, quality of service and innovation of products that the customer experiences
	9	Making financial services more simple and accessible: increasing the access of financial services to the previously disadvantaged; making fees simpler and more transparent
	10	Promoting the use of cell phone banking and related apps
T_3	**11**	Awards and nominations the company has received
	12	Marketing and promotional activities: advertising, social media presence, roadshows and relationship with the media
	13	Reputation of the company: managing the company's association with controversial clients, business decisions, sectors, governments, countries and political parties
	14	Values of the firm: respect, teamwork, integrity and preventing arrogance or complacency
T_4	**15**	Balanced scorecard approach when evaluating the impact and operations of the company
	16	Integrated reporting: how the company has applied and structured the integrated report
	17	Simplifying the integrated report to make it easier to understand: defining and explaining the IFRS and accounting terms, acronyms, abbreviations and ratios used in the report
	18	Sustainability audit report
T_5	**19**	Bridging the principal-agent gap
	20	Building trust between the public and the financial sector
	21	Communication and engagement with stakeholders and customers
	22	Customer research: analysing customer behaviour, needs and recent changes to customer behaviour in the market
	23	Relationships with customers

	24	Relationships with downstream service providers
	25	Relationships with regulators
T_6	**26**	Compliance with regulation and legislation: King III, Companies Act, JSE Listing Requirements, BEE, Banking Codes, Basel III, NCR, FSB, Regulatory disclosure, SRI, dti, NHI, Retirement Reformation, CMS
	27	Credit ratings of parent and subsidiaries: independent ratings by Fitch, Moody's, S&P
	28	Fines received due to the company contravening regulations
	29	Response to changes in regulation, policy and legislation
	30	Preventing and addressing white collar crime: ensuring client safety, campaigns against bribery, corruption, cyber-crime and to encourage whistle blowing
T_7	**31**	Dividends and returns made to shareholders
	32	Economic impact: the economic environment in which the company operates and its impact on the economy
	33	External auditors: the external auditor's report, the company's disclosures to them, and fees paid for their service
T_8	**34**	Transformation: integrating all race, gender and persons with disabilities into the company.
	35	Broad Based Black Economic Empowerment reporting- BBBEE scorecard, status, rating and shareholding
T_9	**36**	Governance committees: reporting about each of the company's committees
	37	Governance ethics: ethical leadership and conduct. Good corporate citizenship and dispute resolution procedures.
	38	Governance (details about management): management education, background, contract terms and appointment dates
	39	Governance quality and effectiveness: the evaluation, monitoring and review of governance performance and attendance.

	40	Governance remuneration and benefits: long term share incentive schemes
	41	Governance remuneration and benefits: performance based pay, directors interests
	42	Governance remuneration and benefits: remuneration polices, structures, disclosures, retirement schemes and severance benefits
	43	Governance structure: appointment, composition, responsibilities, continuity and changes
T_{10}	**44**	Environmental impact and initiatives: the company's carbon emissions, natural resources, water and paper usage, investment in renewable energy and partnering with NGO's
	45	Education: the company's investment in skills development, leadership programs, bursaries, scholarships and increasing youth employability
	46	Expansion and growth into parts of Africa and other emerging markets
	47	Expansion and growth into South Africa
	48	Human Capital: employment equity, minimum salaries, staff welfare, training, retention, health, rewards for good service, recognition, benefits and safety
	49	Human rights and preventing discrimination
	50	Initiatives that promote the arts, culture, heritage and social fabric of society
	51	Job creation
	52	Social and community initiatives: investment in the community, humanitarian funds, health and infrastructure
	53	Suppliers: sourcing from smaller, black-owned and ethical suppliers
	54	Supporting small businesses and entrepreneurs

	55	Targeted and responsible investments: investing in infrastructure and projects in African countries to help boost growth in those regions
T_{11}	**56**	External factors impacting the company: load shedding, strikes, industrial action, unemployment, scarce skills, inflation, poverty, natural disasters, weak growth, unemployment
	57	Risk assessment and management by the company
	58	Strategy and objectives of the company
T_{12}	**59**	Recovery plan for the company in the event of a financial crisis
	60	Responsible financial practices: lending, banking and investing responsibly

Appendix C: Questionnaire theme results

Table A: Sophisticated respondents theme results

	Unnecessary	Unimportant	Fairly important	Very important	Critical	Total (Mean)
Q1 Assessing competition from other companies: how the company aims to gain competitive advantage and improve its position within the market	0	4	18	24	18	64
	0.0%	6.3%	28.1%	37.5%	28.1%	3.88
Q2 Assisting distressed customers: offering debt counselling and debt rehabilitation programs to customers in financial distress	0	6	13	29	16	64
	0.0%	9.4%	20.3%	45.3%	25.0%	3.86
Q3 Awards and nominations that the company has received	15	24	20	5	0	64
	23.4%	37.5%	31.3%	7.8%	0.0%	2.23
Q4 The use of a balanced scorecard approach when evaluating the impact and operations of the company	0	2	22	24	16	64
	0.0%	3.1%	34.4%	37.5%	25.0%	3.84
Q5 Bridging the principal-agent gap	1	3	26	30	4	64
	1.6%	4.7%	40.6%	46.9%	6.3%	3.52
Q6 Broad Based Black Economic Empowerment reporting: BEE scorecard, status, rating and shareholding	0	4	23	11	26	64
	0.0%	6.3%	35.9%	17.2%	40.6%	3.92
Q7 Building trust between the public and the financial sector	0	5	37	19	3	64
	0.0%	7.8%	57.8%	29.7%	4.7%	3.31
Q8 Communication and engagement with stakeholders and customers	0	3	8	25	28	64
	0.0%	4.7%	12.5%	39.1%	43.8%	4.22
Q9 Competitive practices: offering lower fees and more affordable financial products for its customers	0	8	26	20	10	64
	0.0%	12.5%	40.6%	31.3%	15.6%	3.50
Q10 Compliance with regulation and legislation such as King III, Companies Act, JSE Listing Requirements, BEE, Banking Codes, Basel III, NCR, FSB, Regulatory disclosure, SRI, dti, NHI, Retirement Reformation, CMS	0	0	6	17	41	64
	0.0%	0.0%	9.4%	26.6%	64.1%	4.55
Q11 Credit ratings of parent and subsidiaries: independent ratings by Fitch, Moody's, S&P	0	0	5	31	28	64
	0.0%	0.0%	7.8%	48.4%	43.8%	4.36
Q12 Customer research: analysing customer behaviour, needs and recent changes to customer behaviour in the market	1	5	29	24	5	64
	1.6%	7.8%	45.3%	37.5%	7.8%	3.42
Q13 Customer reward programs to encourage loyalty	22	31	8	3	0	64
	34.4%	48.4%	12.5%	4.7%	0.0%	1.88
Q14 Customer satisfaction: the fairness, quality of service and innovation of products	0	16	18	19	11	64
	0.0%	25.0%	28.1%	29.7%	17.2%	3.39
Q15 Dividends and returns made to shareholders	0	0	6	24	34	64
	0.0%	0.0%	9.4%	37.5%	53.1%	4.44
Q16 Economic impact: the economic environment in which the company operates and its impact on the economy	0	1	13	26	24	64
	0.0%	1.6%	20.3%	40.6%	37.5%	4.14
Q17 Education: the company's investment in skills development, leadership programs, bursaries, scholarships and increasing youth employability	1	3	17	26	17	64
	1.6%	4.7%	26.6%	40.6%	26.6%	3.86
Q18 Electronic & online banking: using technological innovation for the purpose of banking, reliability of electronic services and governance of IT	8	11	31	10	4	64
	12.5%	17.2%	48.4%	15.6%	6.3%	2.86
	6	4	8	18	28	64

Q19 Environmental impact and initiatives: the company's carbon emissions, natural resources, water and paper usage, investment in renewable energy and partnering with NGO's	9.4%	6.3%	12.5%	28.1%	43.8%	3.91
Q20 Expansion and growth into South Africa	1	11	24	24	4	64
	1.6%	17.2%	37.5%	37.5%	6.3%	3.30
Q21 Expansion and growth into Africa and other emerging markets	0	12	26	22	4	64
	0.0%	18.8%	40.6%	34.4%	6.3%	3.28
Q22 External auditors: the external auditor's report, the company's disclosures to them, and fees paid for their service	0	2	5	21	36	64
	0.0%	3.1%	7.8%	32.8%	56.3%	4.42
Q23 External factors impacting the company: load shedding, strikes, industrial action, unemployment, scarce skills, inflation, poverty, natural disasters, weak growth	0	3	3	27	31	64
	0.0%	4.7%	4.7%	42.2%	48.4%	4.34
Q24 Fines received due to the company contravening regulations	0	2	16	16	30	64
	0.0%	3.1%	25.0%	25.0%	46.9%	4.16
Q25 Governance committees: reporting about each of the company's committees	0	2	21	26	15	64
	0.0%	3.1%	32.8%	40.6%	23.4%	3.84
Q26 Governance ethics: ethical leadership and conduct. Good corporate citizenship and dispute resolution procedures.	1	0	10	43	10	64
	1.6%	0.0%	15.6%	67.2%	15.6%	3.9
Q27 Governance (details about management): management education, background, contract terms and appointment dates	0	1	11	40	12	64
	0.0%	1.6%	17.2%	62.5%	18.8%	3.98
Q28 Governance quality and effectiveness: the evaluation, monitoring and review of governance performance and attendance.	0	1	8	28	27	64
	0.0%	1.6%	12.5%	43.8%	42.2%	4.27
Q29 Governance remuneration and benefits: long-term share incentive schemes	0	0	8	26	30	64
	0.0%	0.0%	12.5%	40.6%	46.9%	4.34
Q30 Governance remuneration and benefits: performance-based pay, directors interests	0	0	5	33	26	64
	0.0%	0.0%	7.8%	51.6%	40.6%	4.33
Q31 Governance remuneration and benefits: remuneration polices, structures, disclosures, retirement schemes and severance benefits	0	1	17	24	22	64
	0.0%	1.6%	26.6%	37.5%	34.4%	4.05
Q32 Governance structure: appointment, composition, responsibilities, continuity and changes	0	3	17	37	7	64
	0.0%	4.7%	26.6%	57.8%	10.9%	3.75
Q33 Human capital: employment equity, minimum salaries, staff welfare, training, retention, health, rewards for good service, recognition, benefits and safety	1	9	30	18	6	64
	1.6%	14.1%	46.9%	28.1%	9.4%	3.30
Q34 Human rights and preventing discrimination	9	23	24	7	1	64
	14.1%	35.9%	37.5%	10.9%	1.6%	2.50
Q35 Initiatives that promote the arts, culture, heritage and social fabric of society	27	29	6	2	0	64
	42.2%	45.3%	9.4%	3.1%	0.0%	1.73
Q36 Integrated reporting: how the company has applied and structured the integrated report	4	7	32	18	3	64
	6.3%	10.9%	50.0%	28.1%	4.7%	3.14
Q37 Internal audit and internal controls	2	2	8	24	28	64

	3.1%	3.1%	12.5%	37.5%	43.8%	4.16
Q38 internal cost savings and creating operational efficiencies	3	1	27	21	12	64
	4.7%	1.6%	42.2%	32.8%	18.8%	3.5
Q39 Job creation	2	10	15	29	8	64
	3.1%	15.6%	23.4%	45.3%	12.5%	3.48
Q40 Making financial services more simple and accessible: increasing access of financial services to the previously disadvantaged; making fees simpler and more transparent	1	3	20	18	22	64
	1.6%	4.7%	31.3%	28.1%	34.4%	3.89
Q41 Marketing and promotional activities: advertising, social media presence, roadshows and relationship with the media	29	15	17	3	0	64
	45.3%	23.4%	26.6%	4.7%	0.0%	1.91
Q42 Preventing and addressing white collar crime: ensuring client safety, campaigns against bribery, corruption, cyber crime and to encourage whistle-blowing	2	9	23	21	9	64
	3.1%	14.1%	35.9%	32.8%	14.1%	3.41
Q43 Promoting the use of cellphone banking and related apps	27	14	14	9	0	64
	42.2%	21.9%	21.9%	14.1%	0.0%	2.08
Q44 Recovery plan for the company in the event of a financial crisis	3	1	3	23	34	64
	4.7%	1.6%	4.7%	35.9%	53.1%	4.31
Q45 Building relationships with customers	4	7	22	19	12	64
	6.3%	10.9%	34.4%	29.7%	18.8%	3.44
Q46 Building relationships with downstream service providers	6	10	37	9	2	64
	9.4%	15.6%	57.8%	14.1%	3.1%	2.86
Q47 Building relationships with regulators	3	0	31	15	15	64
	4.7%	0.0%	48.4%	23.4%	23.4%	3.61
Q48 Reputation of the company: managing the company's association with controversial clients, business decisions, sectors, governments, countries and political parties	2	3	20	12	27	64
	3.1%	4.7%	31.3%	18.8%	42.2%	3.92
Q49 Response to changes in regulation, policy and legislation	1	0	6	26	31	64
	1.6%	0.0%	9.4%	40.6%	48.4%	4.34
Q50 Responsible financial practices: lending, banking and investing responsibly	1	0	9	19	35	64
	1.6%	0.0%	14.1%	29.7%	54.7%	4.36
Q51 Risk assessment and management by the company	0	0	6	18	40	64
	0.0%	0.0%	9.4%	28.1%	62.5%	4.53
Q52 Simplifying the integrated report to make it easier to understand: defining and explaining the IFRS and accounting terms, acronyms, abbreviations and ratios used in the report	3	18	16	14	13	64
	4.7%	28.1%	25.0%	21.9%	20.3%	3.25
Q53 Social and community initiatives: investment in communities, humanitarian funds, health and infrastructure	4	11	11	19	19	64
	6.3%	17.2%	17.2%	29.7%	29.7%	3.59
Q54 Strategy and objectives of the company	0	0	6	23	35	64
	0.0%	0.0%	9.4%	35.9%	54.7%	4.45
Q55 Suppliers: sourcing from smaller, black-owned and ethical suppliers	1	5	21	28	9	64

	1.6%	7.8%	32.8%	43.8%	14.1%	3.61
Q56 Supporting small businesses and entrepreneurs	1	8	25	15	15	64
	1.6%	12.5%	39.1%	23.4%	23.4%	3.55
Q57 Sustainability audit report	0	6	26	24	8	64
	0.0%	9.4%	40.6%	37.5%	12.5%	3.53
Q58 Targeted and responsible investments: investing in infrastructure and projects in African countries to help boost growth in those regions	2	6	26	27	3	64
	3.1%	9.4%	40.6%	42.2%	4.7%	3.36
Q59 Transformation: integrating all race, gender and persons with disabilities into the company.	1	7	13	18	25	64
	1.6%	10.9%	20.3%	28.1%	39.1%	3.92
Q60 Values of the firm: respect, teamwork, integrity and preventing arrogance or complacency	7	14	29	11	3	64
	10.9%	21.9%	45.3%	17.2%	4.7%	2.83

Figure A: Chart depicting the mean importance for the sophisticated respondents



Table B: Unsophisticated respondents theme results

	Unnecessary	Unimportant	Fairly important	Very important	Critical	Total (Mean)
Q1 Assessing competition from other companies: how the company aims to gain competitive advantage and improve its position within the market	4	8	59	42	12	125
	3.2%	6.4%	47.2%	33.6%	9.6%	3.40
Q2 Assisting distressed customers: offering debt counselling and debt rehabilitation programs to customers in financial distress	5	12	30	47	31	125
	4.0%	9.6%	24.0%	37.6%	24.8%	3.70
Q3 Awards and nominations that the company has received	30	29	33	24	9	125
	24.0%	23.2%	26.4%	19.2%	7.2%	2.62
Q4 The use of a balanced scorecard approach when evaluating the impact and operations of the company	1	2	43	56	23	125
	0.8%	1.6%	34.4%	44.8%	18.4%	3.78
Q5 Bridging the principal-agent gap	3	9	51	32	30	125
	2.4%	7.2%	40.8%	25.6%	24.0%	3.62
Q6 Broad Based Black Economic Empowerment reporting: BEE scorecard, status, rating and shareholding	6	5	44	41	29	125
	4.8%	4.0%	35.2%	32.8%	23.2%	3.66
Q7 Building trust between the public and the financial sector	1	15	37	45	27	125
	0.8%	12.0%	29.6%	36.0%	21.6%	3.66
Q8 Communication and engagement with stakeholders and customers	0	4	22	54	45	125
	0.0%	3.2%	17.6%	43.2%	36.0%	4.12
Q9 Competitive practices: offering lower fees and more affordable financial products for its customers	4	12	28	38	43	125
	3.2%	9.6%	22.4%	30.4%	34.4%	3.83
Q10 Compliance with regulation and legislation such as King III, Companies Act, JSE Listing Requirements, BEE, Banking Codes, Basel III, NCR, FSB, Regulatory disclosure, SRI, dti, NHI, Retirement Reformation, CMS	0	0	10	25	90	125
	0.0%	0.0%	8.0%	20.0%	72.0%	4.64
Q11 Credit ratings of parent and subsidiaries: independent ratings by Fitch, Moody's, S&P	2	7	28	52	36	125
	1.6%	5.6%	22.4%	41.6%	28.8%	3.90
Q12 Customer research: analysing customer behaviour, needs and recent changes to customer behaviour in the market	5	21	45	41	13	125
	4.0%	16.8%	36.0%	32.8%	10.4%	3.29
Q13 Customer reward programs to encourage loyalty	19	49	33	15	9	125
	15.2%	39.2%	26.4%	12.0%	7.2%	2.57
Q14 Customer satisfaction: the fairness, quality of service and innovation of products	5	12	40	50	18	125
	4.0%	9.6%	32.0%	40.0%	14.4%	3.51
Q15 Dividends and returns made to shareholders	0	3	30	44	48	125
	0.0%	2.4%	24.0%	35.2%	38.4%	4.10
	0	1	23	57	44	125

Q16 Economic impact: the economic environment in which the company operates and its impact on the economy	0.0%	0.8%	18.4%	45.6%	35.2%	4.15
Q17 Education: the company's investment in skills development, leadership programs, bursaries, scholarships and increasing youth employability	2	5	24	55	39	125
	1.6%	4.0%	19.2%	44.0%	31.2%	3.99
Q18 Electronic & online banking: using technological innovation for the purpose of banking, reliability of electronic services and governance of IT	7	26	48	29	15	125
	5.6%	20.8%	38.4%	23.2%	12.0%	3.15
Q19 Environmental impact and initiatives: the company's carbon emissions, natural resources, water and paper usage, investment in renewable energy and partnering with NGO's	20	18	26	32	29	125
	16.0%	14.4%	20.8%	25.6%	23.2%	3.26
Q20 Expansion and growth into South Africa	3	6	43	47	26	125
	2.4%	4.8%	34.4%	37.6%	20.8%	3.26
Q21 Expansion and growth into Africa and other emerging markets	2	6	46	44	27	125
	1.6%	4.8%	36.8%	35.2%	21.6%	3.70
Q22 External auditors: the external auditor's report, the company's disclosures to them, and fees paid for their service	1	2	11	39	72	125
	0.8%	1.6%	8.8%	31.2%	57.6%	4.43
Q23 External factors impacting the company: load shedding, strikes, industrial action, unemployment, scarce skills, inflation, poverty, natural disasters, weak growth	1	5	12	50	57	125
	0.8%	4.0%	9.6%	40.0%	45.6%	4.26
Q24 Fines received due to the company contravening regulations	0	11	26	41	47	125
	0.0%	8.8%	20.8%	32.8%	37.6%	3.99
Q25 Governance committees: reporting about each of the company's committees	2	9	36	48	30	125
	1.6%	7.2%	28.8%	38.4%	24.0%	3.76
Q26 Governance ethics: ethical leadership and conduct. Good corporate citizenship and dispute resolution procedures.	1	5	30	58	31	125
	0.8%	4.0%	24.0%	46.4%	24.8%	3.90
Q27 Governance (details about management): management education, background, contract terms and appointment dates	5	7	37	45	31	125
	4.0%	5.6%	29.6%	36.0%	24.8%	3.72
Q28 Governance quality and effectiveness: the evaluation, monitoring and review of governance performance and attendance.	3	6	36	53	27	125
	2.4%	4.8%	28.8%	42.4%	21.6%	3.76
Q29 Governance remuneration and benefits: long-term share incentive schemes	3	6	39	55	22	125
	2.4%	4.8%	31.2%	44.0%	17.6%	3.70
Q30 Governance remuneration and benefits: performance-based pay, directors interests	2	2	39	58	24	125
	1.6%	1.6%	31.2%	46.4%	19.2%	3.80
Q31 Governance remuneration and benefits: remuneration polices, structures, disclosures, retirement schemes and severance benefits	2	3	32	50	38	125
	1.6%	2.4%	25.6%	40.0%	30.4%	3.95
Q32 Governance structure: appointment, composition, responsibilities, continuity and changes	0	9	40	41	35	125
	0.0%	7.2%	32.0%	32.8%	28.0%	3.82
Q33 Human capital: employment equity, minimum salaries, staff welfare, training, retention, health, rewards for good service, recognition, benefits and safety	2	10	39	51	23	125
	1.6%	8.0%	31.2%	40.8%	18.4%	3.66

Q34 Human rights and preventing discrimination	7	30	23	37	28	125
	5.6%	24.0%	18.4%	29.6%	22.4%	3.39
Q35 Initiatives that promote the arts, culture, heritage and social fabric of society	39	36	28	17	5	125
	31.2%	28.8%	22.4%	13.6%	4.0%	3.39
Q36 Integrated reporting: how the company has applied and structured the integrated report	2	14	46	43	20	125
	1.6%	11.2%	36.8%	34.4%	16.0%	3.52
Q37 Internal audit and internal controls	4	8	23	56	34	125
	3.2%	6.4%	18.4%	44.8%	27.2%	3.86
Q38 internal cost savings and creating operational efficiencies	6	15	34	40	30	125
	4.8%	12.0%	27.2%	32.0%	24.0%	3.86
Q39 Job creation	2	8	27	44	44	125
	1.6%	6.4%	21.6%	35.2%	35.2%	3.86
Q40 Making financial services more simple and accessible: increasing access of financial services to the previously disadvantaged; making fees simpler and more transparent	3	9	30	43	40	125
	2.4%	7.2%	24.0%	34.4%	32.0%	3.86
Q41 Marketing and promotional activities: advertising, social media presence, roadshows and relationship with the media	33	42	29	15	6	125
	26.4%	33.6%	23.2%	12.0%	4.8%	2.35
Q42 Preventing and addressing white collar crime: ensuring client safety, campaigns against bribery, corruption, cyber crime and to encourage whistle-blowing	4	3	38	35	45	125
	3.2%	2.4%	30.4%	28.0%	36.0%	3.91
Q43 Promoting the use of cellphone banking and related apps	26	45	27	18	9	125
	20.8%	36.0%	21.6%	14.4%	7.2%	2.51
Q44 Recovery plan for the company in the event of a financial crisis	3	9	21	39	53	125
	2.4%	7.2%	16.8%	31.2%	42.4%	4.04
Q45 Building relationships with customers	2	6	28	42	47	125
	1.6%	4.8%	22.4%	33.6%	37.6%	4.01
Q46 Building relationships with downstream service providers	1	24	55	37	8	125
	0.8%	19.2%	44.0%	29.6%	6.4%	3.22
Q47 Building relationships with regulators	3	10	45	45	22	125
	2.4%	8.0%	36.0%	36.0%	17.6%	3.22
Q48 Reputation of the company: managing the company's association with controversial clients, business decisions, sectors, governments, countries and political parties	14	16	40	37	18	125
	11.2%	12.8%	32.0%	29.6%	14.4%	3.23
Q49 Response to changes in regulation, policy and legislation	3	2	30	53	37	125
	2.4%	1.6%	24.0%	42.4%	29.6%	3.95
Q50 Responsible financial practices: lending, banking and investing responsibly	1	2	31	34	57	125
	0.8%	1.6%	24.8%	27.2%	45.6%	4.15
Q51 Risk assessment and management by the company	1	2	9	55	58	125
	0.8%	1.6%	7.2%	44.0%	46.4%	4.34
	7	16	32	39	31	125

Q52 Simplifying the integrated report to make it easier to understand: defining and explaining the IFRS and accounting terms, acronyms, abbreviations and ratios used in the report	5.6%	12.8%	25.6%	31.2%	24.8%	3.57
Q53 Social and community initiatives: investment in communities, humanitarian funds, health and infrastructure	11	29	31	34	20	125
	8.8%	23.2%	24.8%	27.2%	16.0%	3.18
Q54 Strategy and objectives of the company	4	1	15	55	50	125
	3.2%	0.8%	12.0%	44.0%	40.0%	4.17
Q55 Suppliers: sourcing from smaller, black-owned and ethical suppliers	4	30	38	48	5	125
	3.2%	24.0%	30.4%	38.4%	4.0%	3.16
Q56 Supporting small businesses and entrepreneurs	1	21	51	34	18	125
	0.8%	16.8%	40.8%	27.2%	14.4%	3.38
Q57 Sustainability audit report	1	16	39	39	30	125
	0.8%	12.8%	31.2%	31.2%	24.0%	3.65
Q58 Targeted and responsible investments: investing in infrastructure and projects in African countries to help boost growth in those regions	2	19	47	40	17	125
	1.6%	15.2%	37.6%	32.0%	13.6%	3.41
Q59 Transformation: integrating all race, gender and persons with disabilities into the company.	3	6	42	34	40	125
	2.4%	4.8%	33.6%	27.2%	32.0%	3.82
Q60 Values of the firm: respect, teamwork, integrity and preventing arrogance or complacency	15	27	26	39	18	125
	12.0%	21.6%	20.8%	31.2%	14.4%	3.14

Figure B: Chart depicting the mean importance for the unsophisticated respondents.



Appendix D: Tests of Normality (Theoretical themes)

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
T1	.149	189	.000	.966	189	.000
T2	.125	189	.000	.978	189	.004
T3	.112	189	.000	.963	189	.000
T4	.133	189	.000	.962	189	.000
T5	.123	189	.000	.976	189	.002
T6	.167	189	.000	.935	189	.000
T7	.127	189	.000	.960	189	.000
T8	.181	189	.000	.942	189	.000
T9	.110	189	.000	.969	189	.000
T10	.127	189	.000	.964	189	.000
T11	.123	189	.000	.967	189	.000
T12	.149	189	.000	.944	189	.000

a. *Lilliefors Significance Correction*

Appendix E: Tests of Normality (Factor analysis components)

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
C1	0.149	189	0	0.953	189	0
C2	0.122	189	0	0.966	189	0
C3	0.104	189	0	0.949	189	0
C4	0.09	189	0.001	0.975	189	0.002
C5	0.177	189	0	0.939	189	0
C6	0.142	189	0	0.955	189	0
C7	0.171	189	0	0.949	189	0
C8	0.126	189	0	0.94	189	0
C9	0.144	189	0	0.957	189	0
C10	0.128	189	0	0.967	189	0
C11	0.153	189	0	0.936	189	0
C12	0.182	189	0	0.924	189	0

a. *Lilliefors Significance Correction*